



This is a digital copy of a book that was preserved for generations on library shelves before it was carefully scanned by Google as part of a project to make the world's books discoverable online.

It has survived long enough for the copyright to expire and the book to enter the public domain. A public domain book is one that was never subject to copyright or whose legal copyright term has expired. Whether a book is in the public domain may vary country to country. Public domain books are our gateways to the past, representing a wealth of history, culture and knowledge that's often difficult to discover.

Marks, notations and other marginalia present in the original volume will appear in this file - a reminder of this book's long journey from the publisher to a library and finally to you.

Usage guidelines

Google is proud to partner with libraries to digitize public domain materials and make them widely accessible. Public domain books belong to the public and we are merely their custodians. Nevertheless, this work is expensive, so in order to keep providing this resource, we have taken steps to prevent abuse by commercial parties, including placing technical restrictions on automated querying.

We also ask that you:

- + *Make non-commercial use of the files* We designed Google Book Search for use by individuals, and we request that you use these files for personal, non-commercial purposes.
- + *Refrain from automated querying* Do not send automated queries of any sort to Google's system: If you are conducting research on machine translation, optical character recognition or other areas where access to a large amount of text is helpful, please contact us. We encourage the use of public domain materials for these purposes and may be able to help.
- + *Maintain attribution* The Google "watermark" you see on each file is essential for informing people about this project and helping them find additional materials through Google Book Search. Please do not remove it.
- + *Keep it legal* Whatever your use, remember that you are responsible for ensuring that what you are doing is legal. Do not assume that just because we believe a book is in the public domain for users in the United States, that the work is also in the public domain for users in other countries. Whether a book is still in copyright varies from country to country, and we can't offer guidance on whether any specific use of any specific book is allowed. Please do not assume that a book's appearance in Google Book Search means it can be used in any manner anywhere in the world. Copyright infringement liability can be quite severe.

About Google Book Search

Google's mission is to organize the world's information and to make it universally accessible and useful. Google Book Search helps readers discover the world's books while helping authors and publishers reach new audiences. You can search through the full text of this book on the web at <http://books.google.com/>



44. 1408.





LECTURES
ON
POLITICAL ECONOMY.

1
2

FIVE LECTURES
ON
POLITICAL ECONOMY;

DELIVERED

BEFORE THE UNIVERSITY OF DUBLIN,

IN MICHAELMAS TERM, 1843,

BY



JAMES ANTHONY LAWSON, LL.B.,

WHATELY PROFESSOR OF POLITICAL ECONOMY.

LONDON:

JOHN W. PARKER, WEST STRAND.

ANDREW MILLIKEN, GRAFTON-STREET, DUBLIN,

BOOKSELLER TO THE UNIVERSITY.

1844.

Printed by ALEXANDER THOM, 86, Abbey-street, Dublin.

TO
THE MOST REVEREND RICHARD WHATELY, D.D.,
LORD ARCHBISHOP OF DUBLIN,
AND
PRIMATE OF IRELAND.

MY LORD,

It is to you I am indebted for any knowledge I possess of Political-Economy, and I may, therefore, with propriety, avail myself of your permission to inscribe to you these Lectures. Like many others, while I only viewed this Science at a distance, I was disposed to regard its pretensions with contempt, and I would, most probably, never have been led to examine it closely, were it not for the encouragement to its study held out by the establishment of the Professorship, which owes its existence and support to your Grace's discriminating liberality. I trust I shall not now be regarded as an interested witness, when I say, that the result of that nearer view has been to remove

those prejudices along with the ignorance which gave them birth, and to show me the value of what I once slighted.

How much, in common with all in our day who have studied the Moral and Social Sciences, I am indebted to your Grace's Works, these pages will testify, for, in addition to what I have avowedly taken from them, I feel that I must necessarily, and often unconsciously, have borrowed from writings, whose characteristic it is to render truths so clear, that we readily persuade ourselves that we always knew, and never had any occasion to learn them. For your Grace's readiness to afford me the aid of your valuable suggestions, when any doubt or difficulty presented itself to my mind in the preparation of these Lectures, I beg to express my most sincere acknowledgments.

I have the honour to be,

YOUR GRACE'S

Grateful and obliged Servant,

JAMES ANTHONY LAWSON:

*37, Lower Baggot-street, Dublin,
February, 1844.*

PREFACE.

I DO not offer any apology for the publication of this short Course of Lectures, as I think that, at the present time, every effort to throw light upon the subjects discussed in them, should be received with a welcome by the reasoning and thinking part of the community. Besides, results arrived at in the natural and legitimate course of purely Scientific inquiry deserve, and generally receive, greater attention, than if they were put forward in the discussion of Political questions, and by persons whose minds must be supposed to be biased in favour of some particular set of opinions, and, therefore, those who have *thus* considered subjects of practical importance, are justified, or perhaps bound, to assist their fellow-men, if they can, in the discovery of truth, by communicating to them their conclusions, and

the reasons on which they rest. As a friend of the Science, I could wish that Political-Economists had never lost sight of the distinction between their province and that of the Politician; in that case, instead of being found ranged on different sides of contending factions, they would be in the situation of *neutrals*, to whom, as the proper tribunal, reference would be made to decide upon those questions which came within their province, and who, themselves taking no part in the combat, would be able to supply such weapons to the combatants as would generally be decisive of the issue; but so far is this from being the case, that we now see a battle waged about the *very principles* of Political-Economy, which ought to be expressly admitted and recognized by all parties.

These Lectures, although forming part of a series, I have endeavoured to render complete in themselves; and while they necessarily pre-suppose *some* acquaintance with the principles of the Science, they will, I trust, be easily understood by the general mass of readers. I have not felt myself at liberty to alter them materially from the form in which they were delivered, and this, added to the

circumstance, that they were composed in the intervals of leisure, snatched from the labours of an absorbing Profession, must form my excuse for any imperfections they contain; if I have fallen into *errors*, I shall be glad to have them pointed out.

The Appendix, containing an answer to some views lately put forward by Colonel Torrens, was written while the Lectures were going through the Press: I was anxious not to lose any opportunity of endeavouring to correct mistakes upon a subject so important.

CONTENTS.

LECTURE I.

THE connexion between Experience and Theory as to the subject-matter of this Science—Apparent and real discrepancies between them—3. Two-fold use of Experience—6. Science is necessary to direct and assist Observation—9. Nature of Political-Economy—13. It has the same foundation as all other Sciences—15. The relation of Cause and Effect equally exists here as in other Sciences—19 to 25.

LECTURE II.

Circumstances which affect the Economic condition of a Nation—25–27. Importance of Production—27. It is diminished by Commercial Restraints—28. Analogy between the savage state of Individuals and that of Nations—Both are *unnatural*—28–33. Civilization depends on the extent of Production—37. Immediate and ultimate results of the Introduction of Machinery—37–46. Impossibility of *over*-Production—46–49.

LECTURE III.

Connexion between Population and Wealth—54. The Malthusian opinions upon Population—56. The abstract Argument in support of them is without foundation—57–63. Necessity of referring to facts upon this subject—63. Testimony of Experience—64–66. The fears of the Malthusians groundless—66–70. Circumstances which limit and regulate the increase of Population—70–75. Mistake made in ascribing Poverty to over-Population—75. There is no hostility between the growth of Population and of Wealth—75 to 77.

LECTURE IV.

Mercantile System—79-81. Balance of Trade—82. Mode in which Commerce enriches a Nation—83-88. Principle on which the existence of a Government is founded—89. Governments cannot *create*, they can only *transfer* wealth—90. Taxes for Protection diminish National Wealth—90-93. They may advance the interests of a class *temporarily* or *permanently*—93-96. Incidence of Taxes—96-102. Dr. Chalmers' error as to the effect of a Tax on Wages—103-109.

LECTURE V.

Mistake of dividing Consumption into Productive and Unproductive—111-112. The postponement of Consumption not of itself productive of Wealth—Why it takes place?—113. Effect of different kinds of Consumption—115-122. Effect of Absenteeism 122 to 131.

APPENDIX.

Argument to refute the opinion that Retaliation is expedient—134. The imposition of Import Duties cannot increase the productiveness of labour—135, 136. Inquiry into the consequences of Retaliation—136, 137. Statement of the principle which regulates the Value of commodities—143 to 148.

LECTURE I.

GENTLEMEN,—Every scientific inquirer must be sensible of the importance of keeping steadily before him the aim and object of his inquiry, and, consequently, of the necessity of frequently recurring to first principles, in order to fix that aim and object in his attention. In Political-Economy this is peculiarly necessary, as, from its somewhat popular character, we are not apt to take the trouble of examining very carefully what our conceptions of it are, but rest satisfied with vague and indistinct notions upon the subject. If a Science be conversant about words or ideas unfamiliar to us, we naturally take care to ascertain the precise import of the strange word, and are at pains to realize clearly the nature of the new ideas, for there would otherwise be a barrier at the very threshold to our acquiring any knowledge whatever about the Science; but, on the contrary, where the phraseology of a Science is composed of words in familiar use, and its subject-matter conversant about notions, which,

in the course of ordinary conversation, are daily presented to our minds, as we cannot be devoid of some knowledge of things thus familiar to us, the indolence of our nature induces us to rest satisfied with that general and undefined perception, instead of rousing our minds into activity to ascertain clearly the precise meaning we attach to the word, or to analyze the constituent parts which go to make up the notion.*

For these reasons I am anxious to bring occasionally before you some elementary views of the nature of this Science, especially if they be such as help to illustrate that particular branch of it of which I may be about to treat. I purpose, therefore, now, First, to consider how this Science is connected with the observation of facts—how experience may be made to assist us in our scientific researches, and, on the other hand, how our scientific knowledge enables us to make a proper use of the teachings of observation and experience. I shall, in the Second place, make some general remarks on the nature and character of this Science, as compared with others, and examine the foundation on which it rests.

To determine the relation between practical and speculative knowledge, as they are called, is a matter of great importance; for the world will ever judge of the value and credibility of Science by comparing

* See Whately's Lectures, p. 240.

its conclusions with the facts they see around them. Political-Economy, in particular, has suffered from apparent and real discrepancies between its doctrines and the experience of those called practical men. Persons who have never studied this Science chance to hear of some general doctrine put forward by writers on the subject ; they find this contradicted by their own personal experience, and thence infer at once its falsehood. But, on the one hand, their experience may not be so extensive, or their observation so judicious, as to enable them to form any sound opinion upon the subject ; and, on the other hand, they have never examined the reasons on which the doctrine is founded, or the limitations and exceptions to its application stated by its author, within one of which the fact supposed to be altogether destructive of its truth may happen to fall, and thus furnish no argument whatever against it. Thus, Political-Economists, when treating of rent, speak of “ land which pays no rent,” and, inasmuch as observation is said to show that there is no such land, all their reasonings on the subject of rent are considered suspicious. These I call the *apparent* discrepancies ; for the experience relied upon, though to an ignorant person inconsistent with, may, when rightly understood, be not only consistent with, but strongly confirmatory of, the doctrine impugned. The *real* discrepancies have been caused by mistakes on the part of Political-Economists themselves, in applying the

conclusions of the Science. Thus ; they suppose a certain state of things to exist, with the view of simplifying their reasonings, and so arrive at certain conclusions; but, in the sequel, forgetting that they have been reasoning about a state of things purely imaginary, they apply the results to explain existing appearances, thus directly leading to the greatest errors ;* and even when their reasonings do not thus rest upon an ideal basis, they often neglect to make due allowance for those disturbing causes which modify the results pointed out by abstract speculation. To explain the relation in which experience and theory upon these matters stand to each other, will, at the same time, I trust, clear up these difficulties, and give us a sounder view of the nature of the Science.

Mr. Senior, in allusion to this subject, when pointing out the proper limits of the Science, says,—
“ To the extended view which some Economists

* Thus, Mr. Ricardo, for simplicity, assumed at the beginning of his work, that any given quantity of gold is always produced by the same quantity of labour, and the same amount of fixed and circulating capital employed for the same time. He thus reasons upon the supposition that the productiveness of labour is always constant, from which it follows, as he established, that wages can only rise at the expense of profits, and *vice versâ*. This is only true upon his supposition, and in his sense of wages, viz., a proportion of the uniform sum produced by a given quantity of labour and capital ; but when this, or any other opinion flowing from the same hypothesis, was applied, either by himself or his followers, to things existing, common sense at once revolted at the absurdity ; and the world, too indolent to trace the source of the error, was satisfied with condemning a science which promulgated such doctrines.

entertain of the objects of Political-Economy, is to be attributed the undue importance which they ascribe to the collection of facts, and their neglect of the far more important process of reasoning accurately from the facts before them. We are constantly told that it is a Science of facts and experiment, a Science *avide des faits*. The practical applications of it, like the practical applications of every other Science, without doubt, require the collection and examination of facts to an almost indefinite extent. The facts collected as materials for the amendment of the poor laws, and the opening of the trade to China, fill more than twice as many volumes as could be occupied by all the treatises that have ever been written on Political-Economy; but the facts on which the general principles of the Science rest, may be stated in a very few sentences, and indeed in a very few words.”* I think there is in this passage a disposition to underrate the importance of an extensive induction of facts; and one very important use that is to be made of them in the reasonings of the Science is overlooked, as I shall have occasion presently to point out.

This disposition to underrate the importance of facts and experiments, is easily accounted for in a scientific writer. It proceeds from the desire to exalt his Science as near as may be to the rank of an abstract one, which is natural enough, for it seems

* *Enc. Met., Art. Political-Economy*, p. 130.

to impart to his subject more dignity and more certainty. We must however recollect, that when we thus treat Political-Economy, we deprive it of its essential character and its real usefulness. It is not about a world of his own creation that the reasoning of the Political-Economist ought to be conversant; but, if he wishes the results of his reasonings to possess interest or utility, he must reason about the world and mankind as they really are; and to ascertain this, the reference to observation and experience must be constant. I know of no conclusion in Political-Economy derived from mere abstract speculation, and, divested of a reference to facts, which possesses any value. If Political-Economy were an abstract Science, it would, of course, be independent of facts; but it is not: it is a mixed Science, consisting of two parts, the first, abstract, composed of a few simple, and almost self-evident propositions; and the second, far the most important, being the application of the principles deduced in the first part to the facts.

Observation renders two services to the Political-Economist; First, it supplies him with facts, which form the material of his reasonings: Thus the exchanges, which constitute the very subject-matter of the Science, are facts which observation furnishes him with, and without the knowledge of which no such science could exist: it moreover acquaints him with the desires and motives by which

men are actuated in their exchanges and dealings with each other, and the effects produced upon national wealth by every different course of action on the part of individuals. Secondly, it assists him in the progress of his reasoning, by enabling him to verify or correct its results, as he proceeds, by a reference to facts; thus either confirming the truth of his conclusions, or, when they cannot be reconciled with the facts, leading him to a careful review of the reasoning he has employed, in order to detect any lurking fallacy. This last is the use to be made of facts which I have already alluded to as not mentioned by Mr. Senior. If the Science were an abstract one, this would not be a legitimate use of facts. No geometer, after bisecting a line according to the problem in Euclid, would think of adding force to the demonstration by applying a pair of compasses to show that the two parts were actually equal, which, in geometry, would be exactly analogous to the use of facts here suggested to the Political-Economist. But neither Political-Economy, nor indeed any other Science, is, like Mathematics, so purely abstract as to disdain such an appeal to facts. Thus, Astronomy approaches to the nature of an abstract Science; and though an Astronomer will be able, by mathematical rules, to calculate the time of the recurrence of a celestial phenomenon, yet, the correspondence of the facts with the prediction will not be regarded by himself without

some feeling of interest, while to the vulgar, who do not understand the principles which have guided him, it will carry conviction, which the force of mere abstract reasoning could not do—on the principle that one fact is worth a thousand arguments. So, an inquirer in any branch of Natural Philosophy, though he may, from his knowledge of the nature of bodies, be able satisfactorily to point out *à priori* the results that ought to flow from their contact with each other in certain given states and circumstances, yet can hardly feel so well satisfied as if he actually made the experiment, and witnessed the result. So, to give an instance in Political-Economy, though I may be able to satisfy myself by abstract reasoning that the wages of labour do not vary with the price of food, and that there is no necessary connexion between them, yet I feel greater confidence myself in, and am better able to satisfy others of, the soundness of the doctrine, when I can point to instances in different times and places where food and wages vary in every different direction relatively to each other.*

* The supposition that wages vary with the price of food, is founded on a misapplication of the "principle of Population," as it is called, which I shall notice fully in this course. It supposes that when the fare becomes worse, numbers will diminish. The observation of facts shows the contrary to be the case. We can also show the groundlessness of the belief *positively*, by demonstrating how wages are regulated: but *facts* are more weighty to most minds than arguments; when we see in dear seasons, labour cheap, and in cheap seasons, labour dear (which, as Adam Smith showed, it is natural enough to expect), the fallaciousness of the principles of reasoning employed becomes most evident.

Thus, the observation of facts which bear upon the subjects of this Science corresponds to experiments in Natural Philosophy, confirming those conclusions which our abstract speculations pointed to, and, by the truths thus arrived at, suggesting new inquiries, which will lead to the discovery of new truths. I think, therefore, this Science may truly be said to be “*avide des faits* ;” and when we consider the complicated nature of the subjects it has to deal with, we should never think it safe to rest in any conclusion which facts do not warrant. I shall have occasion to point out, during this course of Lectures, some errors into which a neglect of this caution has betrayed Political-Economists.

But while I have thought it necessary thus to direct your attention to the importance of a due regard to facts in our Economical reasonings, it is of equal importance to observe, upon the other hand, that the mere huddling together of facts is nearly useless without the light of Science, First, to direct our inquiries, and, secondly, to elicit from the facts, when collected, the truths that lie hid amongst them.

First, an acquaintance with this Science is necessary in order to lead to a proper inquiry into facts. Unless an inquiry be made with a view of testing or establishing some principle, it will be aimless, and, therefore, unlimited ; and the majority of the facts themselves, when collected, will probably be

worthless. The great father of Experimental Philosophy says, "*prudens interrogatio est dimidium scientiæ*;" and common sense will tell us that our search will be endless, unless we have some idea of what we want to find, and that such a random observer will be likely enough to note down what is unimportant, and to leave unnoticed what is really valuable.

But it is when we come to deal with facts, and to draw from them the conclusions that are to guide and influence the exertions of those whose efforts are directed towards the improvement of the economical condition of mankind, that the judgment, the caution, and the discrimination which Science alone can give, become pre-eminently necessary. When we extol the value of observation and experience, we mean only to praise them when used as the data from which sound and careful inference may be drawn, and not as the blind guides, which they too often are, to crude and hasty presumptions. The most ignorant, and the most prejudiced, are ready enough to adduce facts and experience in support of their error and prejudice, for there is no error to which some fact may not be strained to lend support; but this is very different indeed from the use which Science teaches us to make of facts, comparing together those that seem to differ, and endeavouring to trace each result to its simple cause.

In every branch of inquiry, the "*non causa pro*

causa" fallacy has been fruitful in its crop of error, and in none are we more exposed to its operation than in Political-Economy. In Natural Philosophy, if we are desirous to investigate the cause of a certain phenomenon, and that many circumstances have co-existed at its production, we are, in the first instance, at a loss to say to which of these circumstances the result is to be attributed. We, however, generally have it in our power to make experiments; and by repeating the experiment, leaving out those circumstances which we think accidental, and not necessary to the production of the effect, we are able at length to arrive at a knowledge of the true simple cause. But, in our inquiries in Political-Economy we are very differently circumstanced. All the phenomena which we are called on to investigate and trace to their causes are the work of time; innumerable circumstances have co-existed antecedently to their production, and how are we to say whether it is to these combined, or to some, or one, that the effect is to be attributed? Experiment is impossible; the magnitude of the interests involved forbids us to tamper with them for purposes of experiment, even if we had the power; what then is to enable us to discriminate between the accidental and the essential circumstance, and to assign to each of the antecedents its due influence in the production of the result? Obviously, nothing can enable us to do this but the faculty of close and careful analysis,

which scientific habits only can confer, leading us by abstract reasoning, applied to realities, to see what circumstances are likely, and what inadequate, to bring about certain results, thus enabling us successively to negative each illusive theory till we arrive at the simple truth. Error is also caused by an incomplete enumeration of the circumstances which have co-existed at the production of the result, and it is only extensive observation that can enable us to avoid this source of error.

The object of Political-Economy is, to investigate and trace to general laws the different phenomena of the commercial or exchanging system, and when it has done this, it leaves to the legislator and statesman the task of improvement, contenting itself with having pointed out the economic results of each measure. If, then, the Political-Economist put forward an unsound theory, it is calculated to lead to errors in practice; for when the legislator sees a state of things that requires improvement, and, endeavouring to ascertain the cause of its existence, is pointed, by those to whom he would naturally have recourse for information, to something which is really unconnected with it, he will endeavour to remove this cause, and thereby the state of things which he sought to alter remains as before; while, in this complicated system, he may, in tampering with what is only an *accident* in the particular case to which his attention is turned, be meddling with what is

essential to the production of some other result ; and thus, he may produce consequences that he did not anticipate, deranging instead of improving the social system.

I trust, Gentlemen, I have now vindicated this Science from the charge of inattention to facts, which is so often brought against it, and, at the same time, shown you, that mere observation, if undirected by scientific knowledge, is but a blind guide.

I now come, in the Second place, to consider the nature of Political-Economy, and the foundation on which it rests.

Let us inquire, then, what are the results, which this Science, thus aided by enlightened observation and an extensive induction of facts, proposes to attain to ? The Sciences have been reduced by Lord Bacon, to three great divisions ;—The Deity, Nature, and Man. This Science belongs to the third division, and, like the other Sciences which have Man for their subject-matter, it views him in one particular phase of his varied being and action. For instance ; the Science of morality views him in connexion with his fellow-man, with respect only to those relations which are the consequence of his possessing a moral nature, which leads him to distinguish between right and wrong, a faculty peculiar to him. So, Political-Economy views him in connexion with his fellow-man, having reference solely to those relations which are

the consequence of a particular act, to which his nature leads him, namely, the act of making exchanges. Observation shows us, that man, in whatever stage of improvement he is placed, is led by his reason, and by his own wants, and the power which others have of supplying those wants, to give what he has himself, for something which another has : an act peculiar to man, both, because reason alone can lead to a perception of the justice and advantage of such an interchange, and because his species alone possesses within itself individuals endowed with powers differing immensely from each other ; thus obviously suggesting the adoption of an arrangement, which enables one man to enjoy the benefit of the powers possessed by his fellow-man and denied to himself ; and which, when extended to the inhabitants of different nations and climes, renders all the varied powers of the universe tributary to his desires. The consequences flowing from this one act, and the complicated relations to which it gives rise, form the subject-matter of this Science ; and its business is, to examine them in their bearing upon wealth, classify and reduce them to general laws, thus being strictly and properly a Science.*

It is, however, a very general idea, that this Science is in many respects unlike other Sciences,

* Science is the classification of relations.—*Dr. Brown's Philosophy of the Mind*, p. 7.

in fact, that it is not an exact Science, or one whose conclusions can be safely relied on. That it is unlike many other Sciences is indeed true, but it cannot be said that its conclusions are untrue, except in the sense in which those of all Sciences which deal with external objects may be said to be untrue; namely, that they are not true in *all* times, places, and circumstances, when some particular times, places, and circumstances have been assumed in our reasonings as existing; that, in short, those conclusions will not be true in different times and places, or under different circumstances, from those supposed. For instance, Political-Economy assumes, that self-interest is the principle which regulates the dealings of men in making exchanges with each other—that, in fact, every man's desire is to buy as cheaply, and sell as dearly as he can; and, on this assumption, it investigates the exchangeable value of commodities. Now, if individuals be found, who do not act upon this principle, the conclusions of Political-Economy will not apply to their dealings with each other; but this would form no argument against the general truths of the Science, it would merely exclude their application to some particular instance; and exactly the same may be said of every Science, except, as I observed, a purely abstract one, where such a diversity is impossible, because we reason about what is not subject to any variation, namely, our own abstract ideas. The

Sciences which have for their object the discovery of the laws which regulate the material world, or at least some of them, may seem very different from this Science ; but let us examine wherein that difference consists, and we will find that it is an accidental, not an essential one.

An eminent Metaphysician* has considered our belief “ in the uniformity of the sequence of antecedents and consequents ” in the natural world, as an instinctive principle of our nature, and as the foundation on which all our knowledge of Natural Sciences rests ; that is, when we see a particular phenomenon take place, for instance, gunpowder explode when brought into contact with fire, we are irresistibly led to believe that the same result will always follow, and we reason and act accordingly.† It would lead us into a metaphysical disquisition foreign from this subject, to inquire whether this belief is innate ; but this at least is clear, that it exists ; and it means nothing more than this, that, if we observe by experience, that a certain assemblage of circumstances is followed by a particular result, we believe that whenever the same circumstances are again assembled, without the introduction of any new circumstance, to control or modify their operation, the

* *Dr. Brown's Philosophy of the Mind*, p. 35.

† In the words of the inspired Wise Man, “ The thing that hath been, it is that which shall be : and that which is done, is that which shall be done.”—*Ecclesiastes*, i. 9.

same result will follow ; and this belief is entertained by us equally, and with the same foundation, in the moral and social, as in the material world, and constitutes the basis of all scientific inquiry in both. For instance, if we have observed, that an over-issue of paper money raised prices, and caused a drain upon the bank for gold, we undoubtedly believe, that, whenever that over-issue again takes place, it will be attended with the same consequences, unless new circumstances to control them be introduced; just in the same way, and on the same principle, that we believe that gunpowder will always explode when brought into contact with fire. We should have expected, if we merely reasoned *a priori*, that this law would have been of universal application; for uniformity of operation is wisely provided, in order to afford us a sure guide by which to regulate our future actions, and the necessity of such a guide is just as strongly felt by us in one department as in the other. The Deity, who has impressed upon creation this harmony and order, by His Providence makes the actions of man, in every phase of his being, result in working out the great ends of His wisdom, just as much as the operations of the material world tend ultimately to accomplish the same design. We may, therefore, expect to trace the evidence of His superintending care in the one as in the other, as exhibited in this wondrous regularity, in the midst of apparent confusion,

and we would think it strange if it did not equally prevail in all. Even man himself, observing the value and the beauty of this order, when he seeks to build a Science for his own government—the Science of Law, which may be said to be the only Science whose subject-matter he himself calls into existence, imitates the great Architect of the social and material world, and, when he assumes that which is peculiarly the attribute of the Creator—the power of giving laws, endeavours to copy His wisdom, by making those laws uniform in their operation, each new case being regulated by established precedent, or in strict analogy to it; so that cause and effect may follow in the same regular and harmonious sequence, and his subjects may be able to guide their actions in conformity to the laws.

There is then no essential difference between the Natural Sciences, and a Science like Political-Economy; both are alike based upon the belief, that similar antecedents will produce similar consequents, whether that belief is to be attributed to some instinctive principle, or whether it be the result of our reason and experience. What then causes the great apparent difference that is said to exist between them? It is not that the uniformity of sequence is more doubtful in one than in the other, as I have shown; but it is, that the antecedents, or causes, (to call them by the ordinary name,) are more numerous, more complex,

and more varying in this, than in most of the Natural Sciences ; therefore, new circumstances are more likely to steal into the combination of causes, escaping our observation, and leading to a different result, without giving us the means of explaining how that difference arose. If any circumstance be introduced which impedes the operation of the natural laws of the universe, and leads to a result different from that hitherto experienced, it is for the most part in our power to detect the presence of that circumstance, and thus give a satisfactory explanation why the result was different. For instance, if gunpowder does not explode, the presence of damp, or the want of the due preparation of ingredients in manufacturing it, will be readily detected ; but in subjects so complicated as those which Political-Economy has to deal with, where the causes in operation are so numerous, so varied in time and place, and so remote from what is tangible and material, it is obvious, that circumstances may be omitted, or new ones introduced, which may elude the most vigilant observation. Thus the causes vary, but the connexion between cause and effect is as certain and constant in the one as in the other.

If this were not so, you will at once perceive that there could be no Science in this department. Our observations would only furnish us with a number of solitary isolated facts and occurrences,

from which we could draw no inference, and with which we could not establish the natural or necessary connexion of any other fact; and the social world would be a chaos, in which no elements of order could be discerned, and whose phenomena it would be vain to attempt to reduce to general laws.

As nothing in the universe is the result of what is called accident, when we observe one event constantly followed by another, we are convinced that there is a fitness and propriety in that sequence, and that it has been ordained in order to carry out the great purpose of creation; and we therefore believe, that this order will continue. Thus; in the natural history of animals and vegetables, if we have observed that all animals, possessing a certain formation, agree in some particular, we classify them accordingly; and when we meet with any animal, hitherto unknown, and find from its formation that it ranges itself under that class, we shall expect to find it agree with it in this particular; and, such is the harmony prevailing in nature, that if our classification has been a judicious one, and our induction sufficiently extensive, our anticipations will be realized. So in plants, if we have observed that those possessing a certain formation all agree in being poisonous, when we discover a new one, possessing that formation, we shall expect it to possess the same property. This is what is meant

by “a reduction of the phenomena to general laws;” namely, selecting the most general circumstances in which the individual instances are found to agree, and calling those the law of the species; and by pursuing the same course, in the “Science of exchanges,” the same general results may be arrived at. Here, as in the Natural Sciences, the peculiarities of the individual are disregarded, and the circumstances in which the masses are felt to agree are collated. The knowledge attained is as real in the one case, as in the other. In both we believe, that, when the same assemblage of antecedent circumstances is repeated, the same consequents will be re-produced. The atoms and elements in the material world, each apparently acting independently, and fulfilling its own course, concur in the production of general results flowing from their united action; so, though each individual man acts from his own caprices and desires, and with a view to his own ends, yet the general results of their actions as masses, may be predicted, by comparing their circumstances with the teachings of experience; and those results are such as to harmonize with the great designs of Providence towards our species.

I may illustrate these remarks by a reference to this Science. It would seem at first sight hopeless, to look for any general law which regulated the amount of the wages of labour; it would be affected in individual cases by a thousand accidents—the

physical powers of the labourer, his state of health, the change of fashion, war and peace, tariffs and treaties,—yet we can, by reasoning and judicious observation, arrive at satisfactory results upon the subject, can ascertain that there is a general rate of remuneration, and, by comparing the different circumstances of different times and places, investigate the causes which determine that rate. The subject of profits seems to present the same difficulties, and yet admits of the same solution. In like manner, the laws which regulate the march of population, the duration of human life, and the state of crime, are capable of being ascertained by reasoning applied to extensive observation. All these inquiries show, that as often as a similar state of things recurs, or as long as it continues, results similar to those already experienced will be infallibly reproduced.

Political-Economy is therefore a Science, because it investigates the laws which regulate the phenomena of our “exchanging” world, and points out a connexion between circumstances, which would otherwise appear independent of, and unconnected with, each other. Its results are of the greatest practical importance; for, by tracing the effects back to their true causes, it enables the statesman to alter and ameliorate the economic condition of the people, by modifying those circumstances, which the Political-Economist has shown to be the source from which

certain results spring, and at the same time correctly to anticipate the consequences of any new measure he may introduce. By virtue of the great principle of uniformity, which pervades every part of the universe, we are thus able to predict the future from a knowledge of the past; and here, let me observe the wisdom of our Creator, both in what He has given, and in what He has withheld—

“ Prudens futuri temporis exitum
Caliginosâ nocte premit Deus”—

To be able to foreknow our own future actions, or those of others, however eagerly we might covet it, would be a gift not merely useless, but pregnant with misery. It is, therefore, denied us. But where knowledge of the same kind, and the acquisition of which would appear to be attended with the same difficulties, would be really useful, and unaccompanied by evil, it is placed within our reach; and, ignorant as to the future actions of every individual, we are yet informed as to the result of them in the mass. This is a vast field of inquiry, which is now only beginning to be cultivated;* but we may rejoice that vain speculation has, in these later ages, given way to sober inquiry, the Philosopher of History now supplies the place of the Astrologer,

* I would refer to M. Quêtelet's Treatise, *Sur l'Homme*, in illustration of these remarks, and as showing in what spirit this inquiry is to be carried on. A cheap translation of this work has been published by the Messrs. Chambers.

and the Horoscope is abandoned for the Tables of Mortality.

If, Gentlemen, I have placed the objects of this Science before you clearly and intelligibly, I feel that I have thereby done more for it, than I could by any praises I might bestow upon it, or any exhortations to its study I could give you. I rejoice to say, that such eulogies are now little required, for I think all men who mix in the world are beginning to see, that they must, in self-defence, endeavour to know something about what Political-Economists say; in the sister island, efforts are now being made on a gigantic scale to bring home a knowledge of Political-Economy to every man, and none can pretend to understand the merits of the great question of Free Trade at issue there, without the aid of this Science; we too, in this island, are deeply interested in the conflict, and ought therefore to prepare ourselves to form an opinion upon the rival views of the combatants, which we can only do by learning sound Political-Economy.

In conclusion, I trust you have seen, from what I have said to-day, that this is a Science which, by sound and rational modes of inquiry, endeavours to extend our knowledge of subjects, which are of the first practical importance; that its reference to experience and observation, to attest the soundness of its conclusions, and guard against their misapplication, is constant; and that it is, at the same time,

removed from the field of party politics, its province being merely to determine the economic bearings of every question—in common language, the effect produced upon the wealth of society, leaving to the Politician the consideration of all its other varied relations.

LECTURE II.

GENTLEMEN,—I defined Political-Economy to be “the Science which treats of the nature and production of value, and the laws which regulate the distribution of wealth among the different orders of the community.”* In my last lecture, I was principally employed in considering the aid afforded to us in this Science by the observation of facts, and pointing out the relation in which experience and theory upon these subjects stand to each other. I selected that as the subject of the lecture, because my present course will refer to some matters connected with the last part of the definition, namely, “the distribution of wealth ;” and you will find, that in this part peculiarly, a careful reference to facts is necessary. In the general course which I delivered, I fully entered into the “nature and production of value;” and I also examined into the general laws which regulate the distribution of wealth (or

* In a previous Course of Lectures not published.

those articles possessing value) among the different persons who have concurred, either directly or indirectly, in their production, classifying them according to the instruments of production; thus ascertaining, what regulates "rent"—being the reward of the person who is the proprietor of land, or other natural agent, which has by his permission been employed in the work of production; "wages"—the reward of the labourer, who has supplied his personal aid by devoting his physical or mental powers to the purposes of production; and "profit"—the reward of the capitalist, who has applied his stored-up wealth to assist in the reproduction of other wealth, instead of consuming it at once. We thus ascertained the natural proportions, in which the wealth produced would in general be distributed amongst the three classes of producers. This we regard as the primary distribution of wealth. But there is an ultimate or secondary distribution of wealth, by which I mean, the portion of it which is ultimately enjoyed by each member of the community, and which may, and does, differ from the portion that the natural law of its distribution would assign him for his share in contributing to production; a difference caused by the operation of human laws, or by the conduct of individuals themselves, as when a Poor-law takes from one a share of what he has earned, and gives it to a person who has not been able to earn anything. It is, therefore, of the greatest

importance to look abroad into society, and examine how far the natural proportions have been deranged by any disturbing causes;—either by the more or less advanced civilization of each nation; by the peculiarities of its soil and climate, or the character of its people; by the extent to which certain occupations are pursued to the exclusion of others; or, lastly, by the operation of human laws, turning the wealth into different channels, from those in which we should *a priori* have anticipated that it would flow. Every one of these circumstances, besides others too numerous to detail, may exercise an influence on the ultimate distribution of wealth; and to apply the principles of Political-Economy to detect and explain those deviations, and to determine their effect on the economic condition of a nation, is a task of the utmost importance, and of the utmost difficulty.

There are three things which it is necessary to know before we can estimate the economic condition of a nation.

First, the amount of wealth produced.

Secondly, the mode of its distribution; and

Thirdly, the mode of its consumption.

If the productive power of a country be limited, the wealth of the people is limited also, and in the same proportion; that is a barrier, which it is impossible to overstep. If the production of food be limited, the people will be poorly fed; if of clothing,

poorly clothed ; or, in like manner, with regard to the immaterial wants of man, if the production of what is calculated to gratify the intellectual tastes and desires be limited, those tastes and desires will be scantily supplied, and, therefore, imperfectly developed. Increase productive power in any department, and you increase the field of human enjoyment in that department.

This production may be increased, either directly or indirectly—viz. : either by augmenting *our own* power of producing what we desire, or by enabling us to avail ourselves of the greater productive power possessed by *others*. Suppose there were no division of labour, each man might be able to supply his wants by his personal exertions; but when individuals confine themselves to those employments for which they are best suited, the productive power of the community is vastly increased, and the multiplied desires of civilized life are satisfied with more ease than were our necessities in the rude state.

If each nation or community were, as we may suppose individuals to be in this savage state, limited by choice or necessity to the powers contained within itself, its only means of increasing its wealth would be by increasing the productive power of its own natural agents and those of its inhabitants ; and when these reached their *maximum*, the wealth of the nation would have reached its *maximum* also ; and, by exact analogy to the case of the

independent self-sufficing savage, the range of the enjoyments of such a nation would be limited, and its power of supplying those wants would be limited also. As there is no evil without its admixture of good, and no good without its evil, this rude condition, either of the man or of the community, has at least one advantage, that of *independence*; while, on the contrary, the state in which it is the tendency of advancing civilization to place us, is one of *dependence*, and, therefore, subject to vicissitudes; and, if it increases the number of our enjoyments, it must be admitted, that it augments the danger of losing them. Still, as no one would venture to recommend an individual, on this account, to lead a savage life, it would seem to require as much hardihood to recommend a nation to fence itself off from all communion with others, and lead, what is called, an *independent* life. That such never was the design of our bountiful Creator, a moment's consideration will show us.

It has been satisfactorily proved by Archbishop Whately, in his Fifth Lecture on "Political-Economy," and more fully by the Author* of the Natural History of Society, who has developed this important truth, and supported it by a vast variety of proofs, that the savage state, which has been called the *natural* state of man, is a state most *un-natural* to him, for such a condition gives no

* W. Cooke Taylor, LL.D., of Trinity College, Dublin.

room for the development of his higher faculties and instincts, affording full scope for those only which he has in common with the brute creation. It is, therefore, as complete an argument to say, that man is destined to move in society, because his faculties are suited to it, and to it alone, as it is to say, that man is designed for acts of goodness and benevolence, because he is endowed with a moral nature that approves them; or, as any other argument that rests on the agreement between the constitution of our own minds and that of the world around us, numbers of which are presented to us on every side; all of which are alike founded on the truth, which we will perceive the more clearly as our knowledge increases, that "Nature never gravitates to nought;"—that our Creator never designed any of those faculties with which he has endowed us, and which may be made available to promote our good, to lie wholly dormant here, although it is only hereafter that many of them will receive their full and mature development. It is not my design to pursue this argument here; you will derive greater profit and pleasure from a reference to the works I have mentioned; but, I would ask, is not every argument which establishes that social and civilized life is the state natural to man, applicable, by the most exact and striking analogy, to show that the same is natural to nations and communities? If there were not this communion between the different regions of

the earth, would not some of the bounties of our common Mother remain for ever unenjoyed, whilst others would never reach those who could most highly appreciate them, because not born to their possession? If we had never been allowed to taste the tea, coffee, and sugar of Eastern climes, of what innocent and healthful enjoyments were we for ever debarred; and shall we say, that Nature endowed a few corners of the globe with the power of supplying these in abundance to all the rest of the world, and yet designed that they should never be produced, or never leave the country of their growth? Was it the design of Providence, that the cotton should yearly grow, and yearly perish, on the banks of the Mississippi? Or, is it not more in accordance with His benevolence to suppose, that He meant it to be wafted to a distant land, where, by the matchless ingenuity of a civilized people, it should be converted into a fabric for the use and comfort of millions? I am persuaded, therefore, that the savage state, either of the *individual*, or the *community*, mars the gracious designs of Providence, and cuts us off from those social, intellectual, and material comforts, which are spread for our use. It is true, indeed, that Commerce was not coeval with civilization; it was not then needed, because mankind, few in numbers, and placed in the most fertile region of the world, were supplied with all that their condition then required; but, as

He designed our increase and multiplication, and that we should replenish the earth, the barren as well as the fertile parts, is it not reasonable to suppose that He intended the fertile regions to be called in aid to supply, from their abundance, the deficiency of those less favoured ; it being otherwise impossible that the design of replenishing the earth could be accomplished, without condemning some to an almost savage state,*—a state, which the argument already referred to shows could never have been designed for man ?

A nation, therefore, which would thus voluntarily exclude itself from the commonwealth of the world, and from the benefits of that “ territorial division of labour” which commerce and navigation effect ; and, through an alleged desire to preserve simplicity or *independence*, reject the means of increasing its power of production, could hardly be thought wiser than the man, who would select the lot of the solitary savage, and resolve never to rise in the scale of social life, because he would thus be liable to fall—resolutely deny himself all present good, in order to exclude the possibility of future evil—in fact, secure himself against ever being worse, by making himself as bad as he could possibly be.

When we speak, then, of the productive power of a country, we include those accessions which it receives by Commerce ; for they as directly increase it,

* See p. 38.

as do improvements in agricultural and manufacturing processes at home.

If we were able to ascertain the amount of wealth produced, either by the direct employment of a nation's productive power, or by this indirect agency of Commerce, we would know much indeed ; but, if we desire to estimate correctly the economic condition of a people, we must know more—we must know something about the distribution and consumption. Let us reduce our observations to a smaller scale, and the truth of this will at once be obvious ; thus, if we were told that a certain district contained 100 inhabitants, and that its annual revenue was valued at £10,000, we could not form any idea of the condition of the inhabitants. This sum might be divided nearly equally amongst them all ; or, on the other hand, a few might enjoy wealth, and the rest be in a state of pauperism. Nor again, if we were told that the revenue of any individual was £1,000 a-year, though we might form a very fair conjecture, (which in the majority of cases would be true,) as to the comforts he enjoyed, yet we might be wrong in this. He might either expend this income in some way that afforded him but little enjoyment, or he might hoard it up, and leave himself without the necessaries of life. So a nation may annually produce a great quantity of wealth ; but if the distribution of it be faulty, or if it be wastefully and injudiciously consumed,

the condition of the nation may be far from prosperous. In like manner, the mere amount of a country's exports and imports may be a very fallacious guide to lead us to a knowledge of the economic condition of its people. In fact, exports furnish no criterion of the kind: it is only by what is received for them in the shape of imports, that we can estimate the benefit conferred; if the imports consist merely of luxuries for the rich, the mass of the population may be very low in the scale of economic comfort, notwithstanding an imposing array of exports and imports.

This view of the subject, therefore, opens to us a wide field of inquiry, and presents matter for investigation, which it would require a longer space than can be allotted to a course of lectures to treat satisfactorily—as connected with the subject of Production, we have to consider the results of Machinery, and the tendency of extreme subdivision of labour, when carried out to its utmost length, at once the cause and the effect of increased productive power; this would lead to an examination of the doctrine of over-production, and many other questions arising out of the operation of what is called the Factory System. Looking at Production and Distribution jointly, the great question of Population presents itself; for the extent of our productive power is to be judged of by the number of products, compared with the

number of those amongst whom they are to be distributed, and we must examine into the proportion between the increase of the species, and the means of their subsistence. When we come to Distribution, the different modes in which human laws have endeavoured to alter the natural distribution of wealth, encouraging this branch of industry, and discouraging that, and again, taking from one class to sustain another, suggest the subjects of Taxation, Poor Laws, government expenditure for the great purposes of religion, education, jurisprudence, and protection, duties for the purposes of revenue or protection, bounties and restrictions. When we come to Consumption, the effects of different tastes on national wealth, for instance, taste for domestic or foreign products, the consequences of accumulation, or of profuse expenditure; and lastly, as connected with the place and mode of consumption, the question of Absenteeism presents itself.

All these, you must remember, are not to be considered by us *politically*; we do not canvass the expediency of this or that measure, but merely endeavour to determine whether it would increase or diminish the amount of national wealth; and in this, we must be guided, as well by the teaching of those principles which this Science has established, as by a reference to facts and observation, to confirm or correct our abstract reasonings. Though this limits an inquiry, which would otherwise be

truly endless, still to canvass economically all those subjects which I have referred to, would exceed my limits, and into some of them it might be unwise to enter. I shall endeavour to bring before you in this short course, some of those which appear to possess the greatest interest; and I shall consider, in the present Lecture, some of the results of that increased productive power, which, in our days, increasing civilization has been found to bring with it.

I have already stated, that the field of human enjoyment was commensurate with the increase of productive power, and it would seem to follow, that the more *that* power was increased, the more prosperous the economic condition of a people ought to be; however, many have thought that they can perceive in our rapid advances in Machinery, results, which are far from being beneficial to our true prosperity, and they say, that production may be advanced till it becomes *over*-production, bringing with it loss and disaster alike to the labourers and the employer of labour. It is necessary, in order to examine the soundness of this opinion, as well as to ascertain the precise meaning of those who put it forward, to retrace our steps a little, and show what foundation there is for the assertion we have made, that increased productive power is attended with increased comforts to the community.

A moment's consideration will show us, that

what is generally called "Civilization," including under that term, all the arts, inventions, and pursuits, that adorn and improve our social state, the cultivation of the fine arts, the supply of luxuries, and elegancies, religious and moral improvement, in short, every thing except the supply of the coarse necessities, which our existence requires ; all these owe their being to the productiveness of labour, and according as that productiveness is increased or diminished, civilization may advance, or must retrograde. Suppose the labour of one man, devoted to the raising of food, were only productive enough to raise food for himself and another, and in like manner, the labour of one man, devoted to preparing clothing and habitations, were only able to supply them to himself and another ; it is obvious, that no employments could exist in that community, but the two ; one half the population would be engaged in raising food, the other in providing clothes and shelter ; all their labour would be absolutely required for these purposes, and there would be no spare labour to set apart for other uses ; for if it were withdrawn from these two employments, the supply of food, or of clothing and shelter, would be deficient ; here at once is a barrier to improvement which nothing can enable that society to overpass, except some invention which would increase the productiveness of labour. Now suppose an invention is introduced, by means of which the

labour of one man will be able to supply food for three, instead of two persons as before ; it will be only necessary to employ one-third of the population in raising food, instead of one-half as before, and that one-third will now be at liberty to devote themselves to something which may suit the desires and promote the comforts of the community. This is just the result produced by every improvement in Machinery.

What inconvenience then may result from this process ? Why, " one-third of the population will be thrown out of employment." Even if those persons *continued* out of employment, the community would be just as well off as before ; the supply of food, clothing, and habitations, would be the same ; two-thirds of the population would be employed in providing it, and one-third would be idle ; if no new employment could be invented by them, which would enable them to offer some equivalent for the necessities they formerly earned by their labour, it would be necessary that the law should make some provision for them ; this, however, would not make the community poorer ; for even if a law allotted to the unemployed the same share as they before enjoyed, yet as the entire amount of products remains the same, the employed also would have the same share as before. Practically, however, we know, that they would immediately turn their labour to supplying some of the obvious wants of

their fellows ; and that thus the supply of wealth would be directly increased ; every invention that enables us to produce the same results, by an expenditure of less labour, sets labour free to that extent, for the purpose of ministering to some want heretofore unsatisfied, until, in the progress of improvement, the number of persons engaged in supplying necessities is diminished, while the number of those who devote themselves to the supply of luxuries, and to such pursuits as adorn and improve the social state, is proportionably increased.

The inconvenience experienced in the change arises from the difficulty which those, whose former labours are not required by the community, feel in transferring themselves to some other employment, where their labour *is* required ; and, thus, though the commodities for the use of the population are supplied in as great abundance as before, these individuals have no equivalent to offer, until they thus transfer their labour ; and, doubtless, the more civilization advances, the more is this difficulty felt, every department of industry being apparently fully occupied ; but, in truth, the improvement gives rise to an additional demand for labour in some direction. Take the case of the hand-loom weavers ; they were put out of employment by the improvement in the manufacturing of cottons and calicoes ; the consequence of that improvement was to cheapen the cotton and calico, so that the consumer, who used

to pay one shilling per yard, can now get it for sixpence ; here is, therefore, wealth in the hands of the consumers of calico and cotton, which they had not before. Suppose they are taxed by a poor law for the support of the hand-loom weavers, they can afford to pay that tax out of this saving, and be no worse off than before, and the hand-loom weavers can be supported as idle paupers, without diminishing the wealth of the community ; it now stands as it did before ; the consumers of cotton and calico save so much per yard on their consumption of these articles, and they are taxed to that amount for the support of the weavers. But a result far more favourable, both to the displaced labourer, and to society, may be anticipated, for there will be an additional demand for labour arising from two sources : First, the consumers of cotton and calico will have an additional fund for the employment of labour, namely, what they save upon the price of the article ; their income will be increased to that extent, and they will employ this, either in supplying their own wants, or, if they are disposed to save, they will lend it at interest to some one, who will employ it productively ; in each case increasing the demand for labour, and the fund for maintaining it ; and, Secondly, it has been almost invariably found, that the cheapness caused by such improvements, gives rise to such an increased consumption of the article, that though the tendency

of the improvement was originally to displace labour, yet the additional demand absorbs a greater quantity of labour than the manufacture of the article, before the introduction of the improved machinery, did.*

Suppose even discovery pushed as far as human imagination can conceive—to such an extent as that machinery would almost entirely supersede the necessity of human exertion; and the earth, and all the powers of nature, were so completely brought under our control, that it would merely require occasional superintendence, and the labour of gathering the products when we required them—then the evil of “*want of employment*” would have reached its maximum, still the wants of the community would be supplied in the greatest abundance; and the only thing wanted to render their physical condition perfect, would be such a system of laws as would ensure a distribution of the products amongst all; this, you perceive, would be absolutely necessary, from the difficulty of finding any equivalent to offer in exchange for them, (just as a poor law might be necessary for the weavers in the case which I supposed), for if a class obtained possession of the machines which supplied the products, they would have no inducement beyond philanthropy to give

* For a detailed proof of this position the reader is referred to “*The Results of Machinery.*” Published by the Society for the Diffusion of Knowledge.

away to those who had nothing desirable to offer in exchange for them, the wants of the machine-owners being already fully supplied.

That society, therefore, can *permanently* suffer from improvements in Machinery, is a fear perfectly groundless, though we must not attempt to deny or extenuate the *temporary* distress produced amongst those whose labour is superseded—a distress which is aggravated by that natural reluctance men feel to quit their accustomed way of life, and adopt new and untried occupations. But the practical question is, how is this evil to be dealt with? Are we to seek the best mode of alleviating it, and of relieving those who suffer by it? or are we to go to the very root of the matter, and resolutely refuse to adopt improvements which bring such disasters in their train? “Want of employment” is the evil complained of. I have shown that the community would be as rich as before, even if it supported in idleness the displaced labourers; and I pointed out two sets of causes which would be in operation to diminish that evil, namely, additional demand for labour in other departments immediately, and ultimately, even in the very department where the evil was originally felt. If we prefer to go the short way to work, and destroy the obnoxious machines, we effectually check the evil of “want of employment;” but do we improve the condition of the community? It is difficult to speculate upon

what the state of England would now be, if improvements in machinery had not been introduced; it is impossible to assign to them their precise influence in raising that country to her present state, for they are so mixed up with wealth and population, as cause and effect, that if we asked how it would be possible to support such a population, and to sustain the prosperity of her great manufacturing cities, without machinery, we might be answered, perhaps, that it was machinery that caused that great population to spring into existence, and those vast structures to be raised, and the difficulty of showing how so great a population was to be supported with diminished means of production, might thus be partly evaded. Without entering into the merits of this plea, let us take society at any stage of civilization you please, and suppose some useful invention for abridging labour which has been in use, is by some accident lost; take the plough in the ruder state, and the steam-engine in the more advanced; suppose the secret of their construction was known only to one man, that he died without communicating it, and that there was not ingenuity enough amongst us to model new ones after the pattern of those in use; what a retrograde movement in society would this occasion. "Employment," indeed, there would be in abundance, it would require six men to dig the field that two could have ploughed in the same time; and if all the united labour of the community were

devoted to that purpose, it could not produce the same results that are now produced by the agency of steam. It is obvious, then, that many occupations should be abandoned, in consequence of the quantity of labour that would now be required to carry on those operations which machinery used to perform, the productive power of the country would have vastly declined, the number of commodities produced would have declined in the same proportion, wants before readily ministered to should now remain unsatisfied; and amidst all this wreck of wealth and destruction of comforts, where could one beneficial result be singled out? We would have more work to do, and we would have less remuneration for doing it; employment would be increased, but the fund for maintaining labour would be diminished.

I presume, then, no one can be found hardy enough to recommend this retrograde movement, a movement, which, if followed up, would consign us to the barbarism of "teeth and nails," just as the prohibition of intercourse between communities would lead to a species of barbarism; the one denying to man any aid for his productive power from his fellow, the other denying to communities of men any aid beyond their own artificial boundaries, and both agreeing in diminishing the power of production, both acting in opposition to Nature's design, and, therefore, both leading, in the degree in which they are so opposed,

to results unnatural, and placing us in a condition in which the Author of our being neither placed us originally, nor designed that we should lapse. As, then, we *must* advance amidst the murmurs and complaints at the evils brought in the train of improvement, it becomes the duty of every friend of the human race to examine the circumstances attending that advance, and to see whether the details of the system are not capable of amelioration, and if the evils be not capable of removal, whether they cannot at least be mitigated. I have already stated that an increase of production brought with it an increase of economic comfort; and I really do not see how this can be denied, for the quantity of articles to supply our wants is increased, and if the additional quantity is not distributed in the way most calculated to promote comfort, that is not to be charged upon the increase of production, but on some defect or error in our laws and institutions: and examining that onward movement in its utmost conceivable development, we saw in it no element of ill, but every physical good, requiring, of course, some change in our institutions to distribute that good amongst us all.

In opposition to all this, however, it has been said, and is very generally thought, that "the thing may be overdone," that there may be, what is called, over-production; and, I have seen it asked, "If all the world become manufacturers and pro-

ducers, where are the consumers to be found?" These are questions that require an answer, and if they cannot receive a satisfactory one, the position which I laid down, that every increase of productive power brings increased economic comfort, is false. That there may be too much of any *particular* article produced is quite clear, because the wants and desires of men for one article may be satisfied, and when they are so, any production beyond that is useless. Take a small community, consisting of 1,000 individuals, isolated from the rest of the world: if each individual was satisfied with wearing one hat every year, then 1,000 hats only need be produced; suppose two of the community are able to furnish that supply, two only will be necessary to set apart for hat-making; if, by an improvement in the process, the two become able to make 2,000 hats instead of 1,000, and if the inhabitants are not tempted to indulge in the luxury of two hats a-year, it is useless to go on producing the 2,000; one man will be able to supply the demand for hats, and the other is at liberty to devote himself to supplying some other want; and the reason is, that any particular desire of a man may be satisfied, and when it is, he will reject any thing beyond this. But it is impossible to satisfy *all* the desires of man; they are almost infinite in number and infinite in variety; and as one is satisfied, another springs up, and craves to be supplied;

thus, the mere craving for necessary food is easily supplied, and yet to furnish us with all that variety of it which our appetites suggest, taxes the labour and ingenuity of a vast number of our population. So, of clothing; to supply what would protect us from the weather, would require little application of labour, but the passion for variety in dress is truly insatiable. Experience and knowledge of human nature tell us that the desires of men increase by the very food supplied to them, and that there never was, and never will be, a community, where all the desires of all its members were fully gratified. To say, therefore, that there may be too much of *every thing* produced amounts to an absurdity; if we miscalculate the desires of men, we may direct our energies to the production of what will not please them, or of what they already have in sufficient abundance, but that is the only sense in which over-production can take place. But even this is a circumstance of rare occurrence; and what is generally called over-production, and which meets our eye every day, is not in truth over-production, but, if I may coin a word, *under-production*. When goods remain on hands for want of buyers, it is not because all the community is already supplied with them in abundance, and would reject any addition, but because they have nothing to offer in exchange for them; and why is this? Because their production has been small—all the produce of their labour

has been already devoted to supply the most pressing wants of nature, and they have nothing left for the procuring further comforts. And how ought we to wish this amended? Surely not by diminishing the productive power of the one class, but by increasing that of the other. The demand for the commodities that are unsold is in existence, and if you increase the productive power of those who have the demand, you furnish them with the means of satisfying that demand. The more abundant the produce of the farmer is, the greater quantity of manufactured articles can he command; and if both go on increasing *pari passu* in their productive energies, the supply of the products of each, at the disposal of the other, will be increased.

I trust, therefore, you will now see that there is no evil to be apprehended from abundance, and that though particular articles may be produced in excess, yet a universal over-production never did, and never can exist. The answer to those who ask, "If all be manufacturers and producers, where will be the consumers," is, that a man does not cease to be a consumer because he is a producer,—that the producers will be the consumers also; for no one can be a consumer unless he has products to offer in exchange, and he can only consume to the extent of these products. If such a state of things, as is here apprehended, ever takes place, every nation will not produce every thing, and consume only its own

productions, but the territorial division of labour will take place, assigning to each that department of production in which it is most fitted to excel ; thus producing, on the whole, the greatest possible amount of wealth which the united energies of the world can furnish.

I have not attempted to deny or disguise the evils incidental to this progress ; but I have, at the same time, shown you, that if our productive power were either stationary or retrograde, the evils would be much greater, and, therefore, the evils we complain of are a substitute for greater ones, and follow in the train of expedients, which have been successful in warding off those greater evils. Thus, the crowding of persons into towns and factories takes place in order to avoid the loss of productive power, consequent upon the manufacturing population being scattered here and there, so that they could not combine in those great operations which require the simultaneous labour of hundreds. The evils attendant upon that, are danger to the health from close dwellings and ill-ventilated rooms ; and to the morals, from the mixture that may take place between persons of tender age, when the mind is easily susceptible of good and evil. Is it not wiser to direct our attention to an examination of the details with a view to their amelioration, than to indulge in idle murmurings at evils, from which we can never expect a complete exemption ?

I do not pretend here to determine whether the abuses alleged to exist in the operation of the Factory System in England do really exist, or to what extent such charges are well founded, for I have not had an opportunity of making personal observations on the subject. But, supposing such accounts to be true, it is obvious that the evils complained of are not incurable, for if so, it would be unreasonable to point to individuals as the authors of them, when, on such a supposition, they would be of necessity inherent in the social state. It is worthy too of remark, and should encourage those who desire to raise the condition of the manufacturing population, that the facility of imparting to them religious and moral education, is increased by the very circumstance which causes so much evil—the crowding of great numbers into a small space; if, when thus situated, they are more apt to combine for what is evil, are they not also more readily brought under the influence of what is good? Will not the same exertions that would be wholly inadequate to instruct and elevate a population scattered over an extensive district, amply suffice for the same number, when contained within the narrow limits of a town parish? And if, notwithstanding these facilities for, and motives to, increased exertion on our parts, it be really true that the moral state of our manufacturing people is low, ought we not rather to lay the blame at our own doors, than condemn a condition

of society, which is shown to be fruitful of so much moral and physical good?

You will observe, therefore, from what I have stated, that the difficulty which man has to struggle with in the dawn of his civilized existence is the difficulty of production, and all the labour of the community is then absolutely required to supply their wants; that, as civilization proceeds, this difficulty seems to vanish, and labour becomes so productive, that numbers who have acquired stored up wealth, represented by land or money, can live in idleness; others can devote themselves to supplying the tastes and fancies of individuals; and few, comparatively, are engaged in ministering to the coarser wants of our animal existence; that the greater the facility of production, the greater also is the difficulty of distribution; and this seems to suggest the necessity for the interference of human laws, to make provision for those whose temporary distress is occasioned by the augmented comforts of some of their fellows; and that though this progress is attended with evils, it is the parent of greater good, and the safeguard against greater misfortunes; and that the duty of every philanthropist is to seek to mitigate the evil, instead of blindly uprooting evil and good together.

LECTURE III.

GENTLEMEN,—In my last Lecture I considered some of the inconveniences and difficulties incident to our progress in civilization, especially those which are the result of the introduction of machines, which tend to supersede human labour; and the conclusion to which I came was, that those difficulties were caused, not by increased production (as is vulgarly supposed), but by imperfect distribution of the products, and, therefore, that their remedy was to be found, not in a diminished production, but in an improved distribution. As the progress of society is exhibited by nothing more distinctly than by the numbers of the population; and as the extent of the productive power of every country is to be judged of by a comparison of the amount of its products with the number of persons amongst whom they are to be distributed, we are now naturally led to consider the subject of Population; in fact, to seek to

determine the effect which any change in the number of its inhabitants may have upon the distribution of a country's wealth, and upon its general economic condition.

If I were to permit myself to wander from this one simple view of the subject, and launch out into those wide fields of inquiry which open out on every side, I feel that I could not treat this subject satisfactorily within the limits of a Lecture. The inquiry, for instance, into the general laws which regulate the march of population, if within my province, would require several Lectures, before I could give even an outline of what may be said upon the subject. I think it therefore better to confine myself simply to the connexion between Population and Wealth; and, consequently, I shall only have occasion to notice incidentally many topics of interest, for fuller information on which you must have recourse to private study and reflection.

In pursuance of this design, therefore, let us inquire into the effect which a change in the number of inhabitants is calculated to have upon national wealth. You will find that there has been a great apparent conflict at least, between authors, upon this subject; some appearing to consider that the growth of population is naturally hostile to the increase of wealth, while others entertain the opposite opinion; and, as a consequence of these conflicting views, one party representing that a diminution of our numbers

is the best way to improve our economic condition ; and the other, that our duty is to endeavour to increase the quantity of products, leaving to the direction of Providence the regulation of the number of the human species. I shall endeavour to bring the subject before you in such a way as may enable you to judge for yourselves of the degree of weight to be attached to the reasonings advanced on either side of this question ; and I trust we shall find that the difference between the contending parties is, when the matter is rightly understood, more apparent than real, though doubtless the carrying out of the views of some authors to an extreme has led into errors, which require to be exposed and condemned.

It is an ancient opinion, and if an error—an error so venerable, that we could hardly see it dissipated without some feeling of regret—that men are the strength of a state ; and the increase of the species has been ever looked on as a national as well as an individual blessing. The Jews, Greeks, and Romans, discountenanced celibacy ; and I need cite no authorities to prove that such have been the prevailing notions amongst mankind from the earliest times, as far down, at least, as the Vicar of Wakefield's day, who thought “ that a man did more service to the State, who married, and brought up a family, than if he lived single, and talked of population.” It has been reserved for the ingenuity and

originality of modern days to detect and point out the fallacy of these notions, and to show that all our progenitors have confounded their curses with their blessings.

It is true, that the modern opinions on this subject have not yet pervaded the mass of society; but I have no doubt that their advocates would ascribe that to the slowness with which opinions, formed in the closet of the philosopher, obtain currency with the multitude, especially if they be opposed to preconceived and long-established prejudices. The presumption then being, perhaps, in favour of the more ancient opinion, I shall, First, examine the views of those who impugn it; endeavour to ascertain exactly what their doctrine is, and how far they mean to push it; and whether it accords with what experience and observation teach us. These views, I need scarcely tell you, are generally considered to have originated with Mr. Malthus, and his followers have been called Malthusians. There are to be found, however, among those so-called, persons entertaining many varieties of opinion upon the subject, some merely stating certain simple truths concerning population, which no one can dispute, and who are yet called Malthusians; others going so far, as to represent the multiplication of the species as the *summum malum*, and therefore urging that it should be checked in various ways; while it is not a little amusing to observe the absurdities

into which the following out of such views has betrayed others, who employ them as an argument against the adoption of any measures calculated to promote national wealth, and especially to improve the condition of the labouring classes: "Such a measure," they say, "will indeed at first increase the comforts of the people; but as an increase of comforts will lead to an increase of numbers, we shall be ultimately worse off than before, for we shall have a greater instead of a smaller number of poor families." I recollect meeting a pamphlet written to oppose any change in the Corn Laws, in which this was the only argument used; and Dr. Chalmers, in his Political Economy, reviews *seriatim*, and gravely sets aside, on this ground, all the schemes usually proposed for the amelioration of the economic condition of the people; a species of argument which, even if the premises were true, is entitled to as much weight as the advice not to dine to-day, because you will be hungry again to-morrow.

The discovery on which the Malthusian system prides itself is enunciated in the proposition, "that the tendency of population to increase is greater than the tendency of subsistence to increase;" Archbishop Whately, with that acuteness and perspicuity which distinguishes him, has traced the difference of opinion between the Malthusians and their opponents to an ambiguous use of the word

“tendency.”* The argument of the Malthusians in support of this proposition wears a mathematical appearance, which, perhaps, has done much to make it pass current. “Population,” they say, “increases in a geometrical ratio, or as 1, 4, 8, 16, 32, &c., but

* “The doctrine, as mischievous as it is, I conceive, unfounded; that since there is a tendency in population to increase faster than the means of subsistence, hence the pressure of population against subsistence may be expected to become greater and greater in each successive generation (unless new and extraordinary remedies are resorted to), and thus to produce a progressive diminution of human welfare;—this doctrine, which some maintain, in defiance of the fact that all civilized countries have a greater proportionate amount of wealth now than formerly, may be traced chiefly to an undetected ambiguity in the word ‘tendency,’ which forms a part of the middle term of the argument. By a ‘tendency’ towards a certain result is sometimes meant, ‘the existence of a cause, which, if *operating unimpeded*, would produce that result.’ In this sense, it may be said, with truth, that the earth, or any other body, moving round a centre, has a *tendency* to fly off at a tangent; i. e., the centrifugal force operates in that direction, though controlled by the centripetal; or, again, that man has a greater tendency to fall prostrate than to stand erect; i. e., the attraction of gravitation, and the position of the centre of gravity are such, that the least breath of air would overset him, but for the voluntary exertion of muscular force; and, again, that population has a *tendency* to increase beyond subsistence; i. e., there are in man propensities, which, if unrestrained, lead to that result.

“But, sometimes again, a ‘tendency towards a certain result’ is understood to mean the existence of such a state of things that that result *may be expected to take place*. Now, it is in these two senses that the word is used in the two premises of the argument in question. But, in this latter sense, the earth has a greater tendency to remain in its orbit than to fly off from it; man has a greater tendency to stand erect than to fall prostrate and, (as may be proved, by comparing a more barbarous with a more civilized period in the history of any country), in the progress of society, subsistence has a greater tendency to increase than population. In this country, for instance, much as our population has increased within the last five centuries, it yet bears a far less ratio to subsistence than it did 500 years ago.”—*Whately's Lectures*, p. 248.

subsistence only increases in an arithmetical ratio, or as 2, 4, 6, 8, 10, &c. ; therefore, as the tendency of a geometrical progression is to increase faster than an arithmetical one, the tendency of population is to increase faster than subsistence." You will perceive from the passage just cited from Archbishop Whately's Lectures, that before it can be said that this conclusion is practically true, the word "tendency" must be taken in the second sense pointed out by him,—that is, it must be shown "that the result is likely to take place;" and to do this, something more than the array of a few figures is necessary ; experience must be appealed to, if not, the abstract proposition, remains, if true, a useless and inapplicable truth, and the moment you attempt to apply it, it becomes false.

It is right, however, besides giving this answer, to strip the argument of the mathematical dress, which, without any title, it has assumed. The words "arithmetical and geometrical ratio," sound so imposingly, that it is well to be able to show that they have nothing whatever to do with the matter. The difference between an arithmetical and geometrical progression is, as you know, that the first increases by the addition of a uniform equal sum at every step, while in the second, the increment or quantity added, increases at every step, according to some known law. Thus, each new increment may be two or three times as great as the

last ; the geometrical progression is therefore said to increase by multiplication ; but I need not tell you that multiplication is only a short and convenient mode of expressing addition, under certain circumstances. The comparison at present is between population and subsistence, and it is obvious that they can only increase by additions made to their amount, at any period. Now, I ask, is there any thing *in the abstract* to distinguish the increase of men from the increase of grains of corn, or other vegetable food ; or from the increase of the animals, whose flesh forms part of the subsistence of the human race ? I confess I can see none. Where is the alleged arithmetical increase of the one, and geometrical of the other ? Is there any difference in their nature which would warrant us in saying *a priori* (putting experience for the present out of view), that the tendency of one was to increase by addition, and the other by multiplication ? Looking at it in the most abstract point of view, and knowing nothing of the facts, any person would say that there were three different states of things possible, and possible alike to population and subsistence without any difference, namely, a stationary, a declining, or an increasing state ; and it would be quite impossible, *a priori*, to say to which of these states there was the greatest tendency. If we know at any period the proportion between population and subsistence, we can tell from a comparison of the

two, after a certain number of years, which has increased faster than the other ; but, for any thing we can tell, without having the assistance of experience, it is possible that both may remain stationary, or both decline or increase alike together, or one decline, and the other increase. It is therefore impossible, without referring to experience, to predicate any thing with regard to the tendency of population, or of subsistence ; and it is absolutely necessary, if we wish to draw any conclusions upon the subject, to refer to facts as their basis. The Malthusian has no more warrant, *a priori*, for saying that population may double itself in twenty-five years, and again in twenty-five years, than for saying that subsistence may do the same ; and if he refer to facts to prove the capacity of increase in the first, he is bound to refer to facts to prove the capacity of the second ; and facts demonstrate that there is no likelihood of his conclusions being ever verified ; hence, we may see the absurdity of either putting experience out of view altogether, or, as the Malthusians do, using it in one branch of the argument—the capacity of population to increase, and omitting to use it in the other—the capacity of subsistence to increase. It should be appealed to in both, and it alone will be a safe guide to us in forming our expectations for the future, as I showed in my first Lecture ; and we should depend upon it, and not upon conclusions based on ideal premises,

and which are only true when they are not turned to any practical use.

A supposed case will show the truth of my assertion, that there is no difference between the tendency to increase in population and subsistence. If each pair of the human race produced two children, and if they lived to maturity, and produced two children, the number of the human race would be stationary; if a smaller number were produced, or if some died young, and unmarried, then the race would diminish in numbers; if each couple produced three, four, or five children, the race would increase. The same precisely may be said of those animals which form the subsistence of man, they may increase in numbers, decline, or continue stationary. And the same may be said of vegetables, a grain of corn may fail to produce anything, while another may bring forth an hundred-fold. All increase in the same way; and whether one increases faster than the other or not, a reference to facts can alone enable us to ascertain. The result, therefore, is, that the Malthusians can find no support for their opinions in mathematical reasoning, or in speaking of tendencies, which are as useless and barren as the forms and essences of the Schoolmen; but if they mean to sustain them, they must descend for the purpose into the arena of life, and fight with the weapons of every-day experience. To do, however, full justice to this mathematical argument, I

will take it to be based, as perhaps it really is meant to be, on a comparison between man, and the surface of the globe he inhabits. But it surely requires no parade of figures or mathematical lore, to convince us, that, if we institute a comparison between a thing *capable* of increase (no matter by what slow degrees), and a thing absolutely *incapable* of increase, the tendency of that which is in motion is to overtake that which is at rest, if the process goes on for a sufficient length of time. But here again the reference to facts becomes inevitable, as the only inquiry with which we have practically any concern is, whether such a result is ever likely to take place. It is indeed true, that the increase of food is limited by the surface and capabilities of the earth; but the very same circumstances operate with equal force through the medium of physical and moral laws, to limit the increase of which the human race is capable, as we shall see in the course of the Lecture.

To come then to facts: If we find that the increase of subsistence has always outstripped the march of population, that, instead of lagging behind it, it has preceded it, and invited it to follow; and if, upon examining into the capabilities of the earth to supply food, we can satisfy ourselves that there are resources, which no increase of the species that we can anticipate can for ages exhaust, I think we may conclude, that the fears expressed by Malthus

and his followers are groundless ; and though it may be a curious speculation, to inquire at what time the globe will be so densely peopled that we can only find standing room, or must be each allotted our six feet of ground, as Lucian represents the ghosts enjoying below, it is an inquiry now far removed from the field of practical usefulness, and when such fears are about to be realized, it will be then time enough for us to weep, like Alexander, that we have not another world to people.

Experience, then, shows us, that an increase of population, in every country, has been accompanied with more than a proportionate increase of the means of subsistence ; and the larger population has been ever better fed, clothed, and lodged, than the small population was. Thus, when Ireland was thinly peopled by a million of inhabitants, the supply of food was scanty and uncertain, and famines were of periodical recurrence ; she is now, with a very dense population, in the position of raising more food than her population can consume ; and it has been shown by Mr. Sharman Crawford, that her present agricultural population is not greater than would be required to cultivate her territory to any thing like its capabilities.* Thus, too, the population of some

* *Defence of Small Farmers*, p. 22. A little work, to which let me, in passing, give my humble meed of praise. It contains the soundest common sense, and the soundest Political-Economy, and presents a happy contrast to the idle speculations of men who have written about our country, without knowing any thing of the facts.

parts of America has doubled itself in twenty-five years, but there is no reason to doubt that produce has been more than doubled there in the same period, for the increased population is supplied with all the necessaries of life in profusion. The history of every civilized country supplies facts to confirm the truth of this position, but the mere circumstance, that with the advance of population the proportion which the agricultural class bears to the rest of the community has been found, not to increase, but to diminish, is conclusive upon the point : for if the difficulty of procuring subsistence increased with increasing numbers, the task of raising it would continually absorb more and more hands, and with every advance in population, less labour could be spared from agriculture to other occupations. I have already observed that the power of labour to produce more than would sustain the labourer, was the source of all civilization, and if this power in the most important of all kinds of labour were continually diminishing, there would be a check to the progress of civilization ; the contrary has, however, been always found to be the case ; and although it is quite true that there is that difference in the nature of the productiveness of agricultural and manufacturing labour that has been pointed out*,—there being a limit to the first, and none to the second,—yet the fact here

* *Enc. Met., Art. Political Economy*, p. 162.

referred to, that the agricultural class does not increase in a far greater proportion than the other classes in the progress of society, (as we should expect if this difference were felt in practice to any extent,) demonstrates, that the difficulty in keeping up the productiveness of agricultural labour, when a greater quantity of it is called into requisition, has been hitherto at least, to a great extent, overcome by the introduction of improvements.

As far, then, as experience goes, it shows that the fears entertained by the Malthusians—that population will outstrip the means of subsistence, and thus bring famine to thin our numbers, are groundless; that they have never been realized in any country, I have no hesitation in asserting, and that they are never likely to be realized for the world at large, a little consideration will satisfy us.

It may be suggested as an objection to this statement,—Why then does England import corn for the use of her population? but the answer is, that she imports corn, not because she could not grow enough at home, *if forced to do so*, but because it is found, that it can be had more easily, by sending abroad in exchange English manufactures, than by raising it from the soil at home; and any person who considers the quantity of ground that lies unproductive in England, to minister to

the pleasures of its wealthy inhabitants, and the quantity of food that is consumed by horses and other animals, will conclude that the day is very far distant indeed, when she will be unable to grow food enough to sustain her inhabitants, although if it were rendered *necessary* for her to do so, the effect would doubtless be, to deprive the rich of many of their present luxuries and lawful enjoyments, to diminish the comforts of the poor, and by stinting the supply of the labour ministering to the higher wants of our nature, materially to obstruct the growth of civilization.

It has been calculated that there are in England and Wales about twenty-seven millions of cultivated acres, in Ireland twelve millions, and in Scotland five millions,—in all about forty-five millions: it has been also calculated that an average acre of arable land would yield at present two quarters and a-half of wheat a-year, and that one quarter per year is a supply of subsistence sufficient for an individual; it therefore follows that the cultivated land, if all laid down in wheat, could, even in the present state of Agricultural Science, provide food of the best description, wheaten bread, for 112 millions of people, or nearly four times the present population of the British Islands; and from the improvements now making in Agricultural Science, the produce of the soil might be increased to an extent that we cannot

calculate. France contains a much larger extent of arable land than the British Islands, but the population is very little greater, so that if it were peopled with the same density as the British Islands now are, it would contain sixty millions of inhabitants.

The same kind of calculation will show the improbability that the globe itself will be ever over-peopled. Twenty millions of square miles of its surface are available for subsistence: the population of the world is estimated at 800 millions; there are 91,000 square miles in the British Islands supporting thirty millions of people; therefore, if the globe were peopled in the same proportion, it would sustain 6,593 millions, or more than eight times its present population. When, in addition to this, we consider that population is declining in some places nearly as rapidly as it is increasing in others,—for instance, while the American population is increasing at a rapid rate, whole tribes of Indians are daily passing away,—we may safely conclude that the globe is capable of yielding subsistence for a far greater number of inhabitants than we can reasonably suppose the human race will attain to.

It must be admitted that the Malthusians have demonstrated the *possibility* of the world being over-peopled, (if indeed it required any demonstration) and, *a fortiori*, that any particular country

may be over-peopled; no one indeed could deny it, who only observed that some soils would not yield enough to support human life at all, while the very best land will certainly not sustain an unlimited number, and if too many be depending upon it, some must perish.

I think, however, that before we are called upon to enforce *practically* the importance of these abstract truths, and to take measures to check the growing numbers of mankind, instead of endeavouring to increase the means of their subsistence—a course so much more obvious, and more within our province,—much more than the proof of a bare possibility should be offered to us, for if we reasoned and acted upon bare possibilities in the concerns of every-day life, our whole course of conduct should be changed—in fact we can hardly imagine how the business of the world could be carried on, for even the slightest action brings with it a possibility of injury to ourselves or others; to justify us then in acting upon these views, it should be proved to us, First, that there is a present evil to be guarded against, and, Secondly, that this is the mode of guarding against it, which reason suggests and approves; and I think in the present case neither of these two propositions can be sustained. But the Malthusians appear to think that the mere proof of this *possibility* is quite enough: thus Miss Martineau argues upon the case of a rocky island,

and, having shown that *it* might be over-peopled, says, that the force of this conclusive argument is attempted to be evaded by flying off to other countries : on the other hand it appears to me, that it is only by confining us to a space to which Providence has not confined us, that any weight can be made to attach to the enunciation of an abstract truth practically valueless ; and to ask us, on the faith of such reasoning, to act as if there were an over-population of that world, which is spread out for our occupation in all its wide expanse, and which we are directed to replenish and subdue, is as reasonable as it would be to seek to persuade us that the surrounding atmosphere may be insufficient to supply the lungs of the human race, because those who were shut up in the Black Hole at Calcutta died for want of air.

The Malthusian views present, indeed, a gloomy picture of our condition, and represent us as urged on by our instincts, to bring about a state of things which entails famine, pestilence, and almost all the ills of life, while its merit is, that it inculcates individual prudence upon public grounds. Experience, as I already observed, has shown us that these gloomy colours exist but in the fancy of those who have drawn the picture ; and experience will, I think, equally show, that the prospect of endangering the public good is but a feeble dissuasive from the gratification of private passion : private

conduct is most effectually regulated by private interest, and observation will never fail to convince men that imprudence brings with it its own punishment, and to this we may safely leave the regulation of the numbers of the community.

If there were no limit to the earth's power of supplying subsistence, according to the Malthusian view the source of much of our evils would be cut off, and no doubt *apparently* it would; but whether the removal of the motives to individual industry and prudence consequent upon such a change, would be really for our good, fallen as we are, may well be doubted; we see at least that thereby, our Creator's design that the earth should be replenished, is being accomplished,—for if the same spot were capable for ever of sustaining an indefinite number, there would not be that motive to change our abode, in hope to find a greater abundance in other lands, which is now powerful enough to overcome the natural love of home, and therefore even if the human species were to increase much more rapidly than at present, the earth might then be in parts for ever destitute of inhabitants.

I have called your attention to the fact, that in the progress of society hitherto, every increase of numbers has been attended with an increased facility of obtaining the necessaries and comforts of life; and it is now proper to observe upon the circumstances which bring about this result, and to point out some

laws, which are constantly in operation to proportion our numbers to the means of our subsistence: this is brought about, first, by principles in the human mind controlling the increase of the species, although individuals are not acting with reference to, or with a knowledge of, that result; and, secondly, by the increased facilities of raising subsistence and the other necessities of life, which human ingenuity, sharpened by necessity, adopts.

The rate of increase of the human species, appears to be slowest, in those stages of our social existence which are at either extreme of the field of civilization. In the savage state, as the man requires little aid but his own to supply his scanty wants, and has little taste for domestic pleasures, there is not much inducement to make him desire the presence of a family for its own sake; and when in obedience to natural instincts a family is born, it cannot be expected that amidst the hardships of that state of existence, a very great number of them can be reared to strength and maturity; and, therefore, although mere subsistence is supplied in abundance, experience shows us that savage tribes generally decline in numbers or remain stationary.

In like manner, at the other extremity of the field of civilization, other restraining principles come into operation: those are—the existence of ranks and gradations in society, and the influence of artificial wants. The desire to maintain our

position in society, and not sink below the level of those with whom we have been in the habit of associating, is so strong a principle in the mind of a member of a civilized community, as to counterpoise the most powerful natural instincts: this leads to a postponement of the period of marriage, and so retards the increase of population. The more highly a country is civilized, the more strongly will be felt the necessity of supplying those artificial wants which refinement has given birth to; and, therefore, the more powerfully will this restraint operate; and it is amongst the better orders of society that its effect is most apparent. Amongst the lower orders of the population of this country, you will observe that this restraint is in a great degree wanting, for their acquired wants are so few, and their condition so uniformly wretched, that the prospect of descending lower brings little terror with it. Amongst the higher orders, although there is no apprehension of losing the comforts of life, yet this restraint caused by the pressure of artificial wants, together with other causes, such as the necessity of spending much time in obtaining such an education as public life requires, and the love of travel and amusement, all combine to retard their increase, so that it is found that, instead of increasing more rapidly than the other classes, as they would, if the pressure of subsistence were the check upon population, they do not in fact keep up their own numbers, but

are recruited by supplies from the orders beneath them.

The principle of increase is most powerfully developed, when man, possessing all the power and energy conferred by civilization, is placed in a position where he enjoys all the advantages of a virgin soil and unoccupied territory that savage life can possess, as is exemplified in the case of our modern colonies : and we cannot but observe the wisdom of the arrangement that in that situation where the demand for labour is greatest, the supply of it has been most abundant.

Thus, we see that the result of the operation of these laws has been to proportion population to the means of subsistence, so that larger numbers are supplied with more abundance than the small number was. It is admitted on all hands that it is only in the supply of food that any difficulty can be experienced from the density of population, while in the supply of manufactured articles every additional quantity required can be furnished with increased facility ; and it is only amongst a dense population, that the extreme subdivision of labour, which so much increases our powers of production, can be carried out to advantage, and inventions to abridge human labour extensively introduced. The effect of this increased productiveness of manufacturing labour is to cheapen those articles to the consumers, thus leaving them a larger fund for the purchase

of food, and to set labour free for agricultural purposes; so making provision to meet any increasing difficulty in raising food that may be experienced, if it be not already counteracted, as it has in fact hitherto been, by agricultural improvements.

The great mistake, as it appears to me, made by those who regard over-population as the cause of poverty, and who think, like Dr. Chalmers, that our efforts should be directed to diminish our numbers, and not to increase the supply of what we want, is, that they, for the time, regard man in only one point of view, as a consumer, forgetting that he is a producer also. It is quite obvious, that if the same supply of products could be ensured, and that the number of those who were to use them were diminished, the condition of the community would be improved, for every individual would have a greater share than before; but what warrant have we for supposing that the same supply would continue to be furnished after our numbers were diminished? This is an inquiry they forget to make. Some of those, who are now put out of the way, contributed to produce part of that supply, and the demand of all gave a stimulus to production, it is obvious that the same supply will not be furnished, when the demand for the produce, and the number of those who were helping to produce, is diminished; therefore, after any such reduction of numbers, the abundance of products would be but temporary; the

supply would accommodate itself to the diminished demand, and be checked by the diminished means of production, and the community would be ultimately no better off than before.

The conclusion, then, to which I would come from these considerations, is, that in examining the connexion between wealth and the increase of the numbers of the human species, it is impossible to discover any hostility between the growth of population and the growth of wealth ; on the contrary, as far as our experience informs us, they have uniformly increased together, and declined together, and to hope for any permanent increase of wealth from a diminution of our numbers is idle ; history certainly points to no instance, that I know of, in which a decrease of population has brought with it an increase of wealth ; and, as far as we can speculate upon the effects likely to follow from such a decrease, I do not know of any country so situated, as that she would derive from a diminution of the number of her inhabitants a permanent addition to her national wealth. I think, therefore, that the march of population may be safely left to the guidance of that Providence, which so controls the actions of individuals as to work out the results which, in His wisdom, are designed ; and we have already pointed out principles which are continually in active operation to proportion the number of our species to such an amount as may be most calculated to

promote the universal good. At the same time, the order of Nature must be observed, no artificial encouragement should be held out to the growth of population, such as may take place under a badly regulated system of Poor Laws ; and every facility should be afforded to those who desire to emigrate to countries, where their labour will procure for them a more abundant supply of the necessaries of life. It is, I trust, unnecessary to warn you against the fatal errors into which the following out of their principles has betrayed some authors of the Malthusian School ; I allude to those who have represented poverty rather as a crime than a misfortune, and discouraged those efforts which the benevolent make for its alleviation, on the ground that they tend to stimulate that great evil of over-population, under which they represent the world as labouring ; against such doctrines, opposed alike to our best feelings and our reason, and the promulgation of which has brought this Science into disrepute, I beg to enter my decided protest.

LECTURE IV.

I PURPOSE, Gentlemen, to consider to-day the effect which “human laws and institutions exercise upon the Distribution of wealth.”

I have already explained* to you that Commerce was an indirect mode of Production, for it amounts to the same thing, whether we exercise our own power directly in manufacturing what we want, or whether we manufacture something else, which we are able to do with greater advantage, and then by the agency of Commerce procure what we want in exchange for it. Persons in general are apt to misapprehend both what really constitutes the wealth of a nation, and how Commerce augments that wealth. Wealth, in the language of Political-Economy, includes *all* things which are susceptible of exchange; and we call an individual or a nation wealthy, according to the degree of abundance with which articles of wealth, or such of them as they require,

* See page 33.

are supplied to them : in this respect there is no difference between national and individual wealth ; but the application of the same test which we generally apply to determine individual wealth, to national wealth, has been productive of much error, which in this Lecture I could not omit to notice. The test I allude to is, the amount of gold and silver possessed by them.

The belief that the wealth of a nation consisted in the amount of the precious metals it had, was the origin of the MERCANTILE SYSTEM, and even after that system was exploded, and down to this very day, the influence of the principles on which it was founded has pervaded men's minds, and produced results the most prejudicial to human wealth.

It requires but few words to point out the absurdity of the opinion, that wealth, either individual or national, consists *merely* in gold and silver : it needs not the fable of Midas to convince us, that a man may possess gold and silver enough, and yet languish for the necessaries of life : it is indeed true that any individual possessing a quantity of gold and silver is justly considered wealthy, because they afford him the means of procuring other articles of wealth in exchange ; but to suppose that none other are wealthy, and that the best mode of increasing a man's wealth is, to prevent him from parting with any of his gold and silver, and even to compel him to turn everything else he has into gold and silver,

involves the most obvious absurdity: and yet this was precisely what the Mercantile System proposed to do—to prevent us from exporting gold, and to tempt us to export every thing we had, and bring back gold in exchange, was its avowed object; thus rendering us a nation of misers, who had gold and silver enough in our coffers, but would not send any of it to a neighbouring shop, to procure the necessities and comforts of life for our families. It was the common fallacy of mistaking effect for cause; a nation has gold, because it is wealthy, but it is not wealthy, because it has gold. The possession of gold and silver is a symptom and index of general wealth, and will increase or diminish with it; but to compel either an individual or a nation to part with every other article of wealth for one that affords in itself no substantial enjoyment, is an extraordinary mode of increasing their supply of necessities and comforts; in the words of Adam Smith, “To attempt to increase the wealth of any country, either by introducing, or detaining in it, an unnecessary quantity of gold and silver, is as absurd as it would be to attempt to increase the good cheer of private families, by obliging them to keep an unnecessary number of kitchen utensils.” Experience at length taught mankind, that this end was unattainable by these means, for the precious metals managed to evade their restrictions, and even to the extent that the attempt was successful,

it did not increase the national wealth, but the reverse, of which Spain and Portugal were signal instances. The spirit, too, of awakening commercial enterprize struggled to shake off the fetters which checked it, and the result was, that new chains were forged, allowing it, indeed, a more extensive range, but retaining, alas! a firmer hold. Gold was now permitted to be sent abroad, but only in the hope that it might return with interest; and the new criterion applied to determine the merits of every trade was, whether, by means of it, we exported more than we imported; for, if so, it was presumed that the difference found its way back to us in gold; and this, and this only was our profit upon the transaction: and this was called "The BALANCE OF TRADE." Every branch of Commerce, no matter what useful articles it supplied us with, was considered a losing and a ruinous one, if it did not stand this singular test,* and every expedient which tended to bring about this result, no matter how much it deranged our commercial interests,

* In Anderson's History of Commerce, a very intelligent work, published in 1763, ten years before the Wealth of Nations appeared, in reviewing the different trades which were carried on at the time, the author determines the advantage or disadvantage of each by this test; speaking of our Commerce with France, he says that the balance of trade was once in our favour, but our Commerce with her is now very disadvantageous to us. "Yet, too many of our people are so regardless of their palpable interest as to take off very great quantities of their wines, and brandies, and more clandestinely, of their gold and silver lace." In like manner he condemns the trade with Russia as a losing one, and regrets that we cannot do without it, as it supplies hemp, and naval stores.

and diminished the supply of useful articles, was at once adopted by Government: exportation was encouraged by bounties, and importation checked by restrictions; in other words, we paid foreigners for taking our goods, and we could not receive the balance from them without paying a penalty to our own Government.

I feel that it is unnecessary for me here to show further the unreasonableness and absurdity of this system, either upon its own principles,* or those which Science has now established, especially as I have only been led to mention it here with the design of pointing out the difference between the benefits which Commerce really confers, and those which the Mercantile System taught us to expect from it. It is curious, however, to observe (and it shows the difficulty of destroying the influence of unsound principles, even long after their unsoundness has been demonstrated) how powerfully this system influences the minds of those, who would not, if asked the question, formally defend it. For instance, those who oppose the abolition of Corn Laws, on the ground that we could not afford to meet the drain of gold that would take place to pay for foreign corn, virtually adopt the principle of the system: for gold would never be given in exchange for corn, unless the corn was more suited to our wants than the gold; and to suppose that, in such

* See *Wealth of Nations*, Book 4, chap. iii.

a state of things, it would be better to keep the gold, and to do without the corn, is, in fact, the Mercantile System.*

I trust, then, you are satisfied that the wealth of a nation is not to be judged of, merely by the quantity of gold and silver it possesses, but by the proportion between the entire produce of its labour, direct and indirect, to the number of those who are to consume it, and by the distribution of that produce amongst the individuals of the community; everything that increases the production, or improves the distribution, promotes national wealth; and nothing else can. The mode in which Commerce increases the production is obvious enough: no man will go indirectly to get what he could get directly, unless he has some motive of interest or gain to urge him to it; it is not because we could not make a thing at home that we get it from abroad, but because we could not make it so well or so cheaply at home: Commerce is nothing but an application, on a larger scale, of the common principle which gives rise to all division of labour—we do not each of us make our own coats and shoes; not because we could not manage to do so, if we had no other way of getting them; but because we find that we can employ our time at something else, from which we will derive a fund that will get us coats and shoes, and leave us a surplus besides. England

* See Appendix.

imports some corn every year from this country and from the Continent; but that is not because she could not raise enough at home; for I showed you, in my last Lecture, that she could, with ease, support much more than her present population; but simply because experience proves that the same amount of labour and capital that would be required to raise a certain quantity of corn in England, will produce, when devoted to some other occupation, a quantity of articles which will procure, in exchange, a greater quantity of corn than could have been raised by employing it at home for that purpose; if it procured less, it would be better for them to raise it at home, and the trade would be at once discontinued; and if it only procured the same, the trade would never be carried on, for there would be no motive to induce men to incur additional trouble in procuring the article from abroad, which they could have as easily at home. It is equally obvious, that those who give England the corn would not give it to her unless they got something for it that they valued more; for, if they did not, they would keep their corn, and let England keep her manufactures, and grow her own corn. Commerce, therefore, is not, as has been said, a mere exchange of equivalents,* and, therefore, incapable of rendering any real

* The fallacy of this argument consists, as the Logician will at once observe, in the ambiguous use of the word *equivalent*, which is the middle term: in one part of the argument it signifies *value in use*, in the other *value in exchange*.

service to a nation: such a supposition would involve the absurdity of imagining that ships and warehouses would be built without any remuneration, and therefore, without any motive ; nor, on the other hand, is it a means of enriching one country at the expense of another. For suppose that, in England, a certain quantity of labour and capital employed in some branch of manufacturing industry, would produce twice as many products as the same labour and capital employed in France upon the same branch ; and, on the other hand, suppose the same amount of labour and capital employed in raising corn in France, would produce twice as much as the same quantity employed in raising corn in England, then England and France, by exchanging their corn and manufactures, will each double its own power of production ; France will have double the quantity of manufactures that she would have if she insisted on manufacturing for herself, and England will have double the quantity of corn that she would have if she insisted on growing all her own corn. I only use this illustration to show how each country is benefited, by adopting that branch of industry in which its labour is most productive ; just as each individual is, by embracing some one trade or profession for which he presumes himself to be best adapted, while if each resolved to confine itself to its own products, its supply of wealth would be diminished by one half.

In this you will observe the remarkable difference that exists between the doctrine of the Mercantile System and the true principles of Commerce. The former taught that the only end of Commerce was to increase our supply of gold; and, as it would be impossible that two nations trading with each other could *both* do this, it is obvious that the supply of gold in one could only be increased by diminishing that of the other; and the practical result of this teaching was to put nations into the attitude of rivals, who could only rise at the expense of each other, instead of fellow-labourers promoting by their united efforts the general good.

It is according to the changes that take place in the productiveness of labour in different departments, that the tide of Commerce sets. Capitalists are ever on the watch for some new channel of employment for their capital, which will yield them ampler returns than they now derive. Suppose some invention made in the art of agriculture, which would double the present returns to capital in that department, the large profits to be reaped would cause capital at once to flow into it from those employments of it which are now least profitable, and England would become at once a corn-exporting country, while other countries would employ some of their industry in supplying those wants which England used to supply; and this accounts for the changes that, in the lapse of time, take

place in the direction of labour—capital migrating from the less to the more profitable employment. Similar inconveniences may be experienced in the course of this progress, to those which are felt in any particular country from the progress of improvements in Machinery within it, (which I adverted to in my Second Lecture,) for the two cases are exactly analogous. The lament over decayed branches of industry and declining trades may be generally silenced, by pointing to new ones of a more profitable nature which have sprung up, and absorbed the wealth that used to find employment in their now abandoned rivals. But we might conceive a nation put in a worse position by those changes than the body of hand-loom weavers, whose case we had then under consideration; for, suppose it to possess but one branch of industry, in which it enjoyed peculiar advantages, and that these advantages are in some way cut off from it, or cease to be peculiarly its own, it will then be in the position of the displaced and unemployed labourer, who must seek some other occupation, which will enable him to offer new equivalents for what he wants; while it cannot expect, like the hand-loom weaver, that, during this painful state of transition, its more fortunate rivals will tax themselves with a poor-law for its support.

Commerce is, therefore, principally to be regarded as an indirect mode of supplying people

with what they want, on better terms than they could obtain it themselves; it is, therefore, properly and in effect Production, though it acts by Distribution; and it would seem also to follow, from what I have said of the changes that naturally take place in its direction, that if industry were allowed to pursue its own course unrestrictedly, however particular nations would suffer in the change that might take place, the greatest amount of products for the entire world would be thereby called into existence—and this leads me at once to speak of the effect of human laws, which give industry a direction it would not otherwise have taken.

When we come, then, to speak of the effect produced by laws and governments upon wealth, the first thing to be remarked is, that they can produce nothing directly, however they may protect others while producing it, or encourage or foster their industry, or, which is the principal way in which their power is exercised, alter the distribution of wealth, by taking it from one class to give it to another, or by encouraging one branch of industry whose cultivation is supposed to be essential to national happiness or safety, and repressing another whose tendencies are presumed to be the reverse—the latter considerations being peculiar to the legislator and statesman, and with which, as Political-Economists, we have no concern.

The existence of a government, and of laws and

of persons appointed to administer and enforce them, is founded on the principle which gives rise to the division of labour. If there were no government, each man would have to protect himself and his property, if any property could be enjoyed in such a state ; this would occupy the greater part of his time, and would be done very ineffectually after all, so that the tax which he has to pay for the support of those who are to protect his person and property, is a tax for which he receives most abundant value, and no money could possibly be expended by him to greater advantage and profit. Therefore, to look upon taxation for the necessary purposes of Government Expenditure, as a deduction from the fair gains of labour, or to consider those engaged in the administration of law, government, and police, as idle or unproductive,—involves the grossest misapprehension ; for, though they do not themselves produce any material or tangible article, they supply that protection for which we are willing, and for which it is our interest to pay ; and indirectly they increase vastly the productive power of a country, for they secure every man in the enjoyment, and therefore give a stimulus to the acquisition and accumulation, of property, in the absence of which it would be better for us all to live in idleness than to spend our energies in acquiring that which the idle, if stronger or more numerous, might at any moment rob us of. When once this necessary protection is afforded to

individuals, Governments are powerless in furthering production ; they can create nothing ; they can only take from one to give to another. Even in that necessary protection, there is, as I observed, no direct production, but the transfer of wealth from the community to one class, who however render the community an ample equivalent for it : but clearly when that expenditure of Government is larger than it need be, although this is infinitely better than having no Government at all, yet it is a more than proper deduction from the funds of the community, to sustain those whose services might be dispensed with, and are not of the value to the public which they pay for them.

Besides, however, affording this protection to the pursuits of industry, which is their proper province, Governments generally do more : for instance, they impose restrictions in the shape of protective duties upon some trades, and they give bounties for the encouragement of others.

Many questions of state policy and expediency, of morality, happiness, and security, may be involved in the consideration of the propriety of such enactments. The Chinese government thought it proper to prohibit the import of opium, because it was prejudicial to the health and morals of the people ; Napoleon interdicted English manufactures from the Continent, because he was jealous of England's glory, and desirous of crippling her resources ; the English

Corn Laws are advocated on the ground, that an agricultural population is more moral than a manufacturing one. With all these considerations, as I said before, we, as Political-Economists, have nothing to do ; a government may be justified in adopting measures, which will cause a very great sacrifice of national wealth, that being only one consideration out of many—but, as regards wealth, the teaching of Political-Economy is, and the teaching of experience coincides with it, that such measures never can increase, but, on the contrary, invariably diminish national wealth. The reason is, that the effect of government interference is not to call more industry into action, or to increase its productive power, but simply to turn industry into a different channel from that which it would naturally have taken. Now, is it likely, or is it not, that the result of this change will be an increase of the entire amount of products? It is the interest of individuals to pursue that occupation in which they will receive the greatest return for their outlay of capital and labour ; therefore, if any occupation be in itself remunerative, it will attract as much capital, as it can absorb leaving the usual profits ; so far, therefore, it needs no protection or countenance from government ; but, if it be thought expedient by government that a greater amount of capital than this should be devoted to any branch, they must hold out an encouragement to capitalists,

by making up to them the difference between the rate of profit they would derive in other employments, and the rate in this, which has now more than its natural supply, and therefore yields less than the ordinary profit—this can only be done by taking it from some other members of the community to give to them, so that a loss of wealth is the result, for the rate of profit in the government-protected employment cannot be *higher* than in others, if so, capital would continue to flow into it until the profits sunk to the general level, and it is made *as high* only by taking from the profits in other employments, so that the result is a general fall of profits. Individuals have better opportunities of knowing and judging what trades will be profitable to them than governments can possibly have, and those their interest will lead them to pursue; and, unless there be something in any of those pursuits calculated to check the prosperity of the community at large, the result, when individuals are left to pursue their own course, will be, that the greatest amount of national wealth will be produced.

If a heavy duty is imposed on the importation of an article, in order to prevent foreign producers competing with home producers, the effect of this is, to compel the consumers of this article to deal at only one shop, when there is another near them at which they could get it cheaper, and so it enables the producers to obtain a *higher price* than they would

under the influence of free competition, but not to reap a *higher profit*, as I already observed, than persons in the same country reap in other employments, for this can never be the case where the employment is open to all; the consumers are therefore taxed, not in order that the producers may be enriched, but that they may be put on a level with the other producers; and the only advantage derived by any party from this general lowering of profits is, that the protected article is produced directly at home, instead of indirectly, by the agency of commerce. Thus, if England compel her colonies to take no produce but hers, she is compelling them to deal at her shop; and if, in return for this, she binds herself to take only their produce, she is injuring herself in requital of the injury inflicted on her colony. It is certainly true, that by means of such protection producers may gain a temporary, and, *in one case*, a permanent advantage, at the expense of the consumers. Before capital has had time to be transferred to the favoured employment, those engaged in it may reap high profits at first, though the experience of all protected trades shows us, that this advantage is but of short duration, and is more than counterbalanced by the ill effects of the absence of competition, and the habit of relying rather on government favour than individual exertion and ingenuity. But, if any monopolized agent is essential to the production of the protected

article, the proprietors of that agent gain at the expense of the consumers. Thus, if Ireland were to prohibit the importation of cloth from England, the first effect of this would be, to give high profits to those who have capital embarked in the manufacture of cloth here, but as there is nothing to prevent other persons from setting up cloth manufactories, those high profits would be only temporary; if, however, the cloth-manufacturing could be monopolized by a few persons, they might continue to reap enormous profits, at the expense of the community. If England prohibited foreign silk or gloves, this would confer no permanent benefit on the silk or glove manufactures in England, the only difference would be that more capital would be engaged in them; but when she prohibits the import of corn, she confers on the proprietors of the monopolized agent, land, a permanent advantage, at the expense of the rest of the community, while the persons engaged in the actual production of the article, as farmers and agricultural labourers, no more derive any permanent benefit from it, than the manufacturers of silk or cloth would, under the similar circumstances I have supposed.

Just as a government may promote, temporarily or permanently, the interests of one class of its subjects at the expense of another, so a nation may sometimes be able, temporarily or permanently, to promote its own interests at the expense of other nations.

Thus, in the case of England and her colonies, she may gain a temporary advantage, by compelling them to purchase only from herself, just as she may confer a temporary benefit on them by confining herself to their market ; but if a country have the monopoly of producing an article of necessity, it has the power, by imposing a duty on the export of that article, to tax all the rest of the world, for they have only one shop to resort to, and must give the price asked ; the inhabitants of such a country are exactly in the same position to the rest of the world, as the proprietors of land are to the rest of the community, when the importation of corn is prohibited.

If the Chinese Government imposed an export duty of two shillings a-pound on tea, it would either have the effect of compelling our Government to take off their import duty, or else of depriving a vast number of our inhabitants of the enjoyment of tea. It must be conceded, therefore, to those who argue for protective duties, that one country may, no doubt, to a certain extent, and under certain circumstances, obtain an advantage* over another ; but as, if this principle be acknowledged by any nation, every other country will endeavour to retaliate by pursuing a similar course, the result of such a policy obviously must be, to cripple trade by

* That even this advantage is more apparent than real, see *Longfield's Lectures on Commerce*, p. 66.

a multitude of restrictions, and by producing a partial isolation of commercial communities from each other, to diminish the sum total of the products enjoyed by each; it is obvious, therefore, that no one can with any show of plausibility recommend the universal adoption of this system, and the adoption of it to a limited extent operates *pro tanto* to diminish the wealth of communities: it is a question in every case for the politician whether this is counterbalanced or not by some good. Having thus shown that duties imposed for protection do not increase wealth, but, on the contrary, must be attended with loss somewhere, I shall now pass from taxation imposed with this view, to consider the operation of taxation for the purpose of revenue, and the modes in which it may be imposed.

Taxation is either direct or indirect: indirect taxation takes place when taxes are imposed upon consumable commodities, instead of being levied directly from those who are to use them. Many abstruse questions have been raised as to the ultimate incidence of such taxes. It seems to me, however, to be quite clear that they fall upon the consumers of the article for the most part, although sometimes a share of the tax may for a time be borne by the producers. The first effect of the imposition of a tax upon any commodity is to diminish its consumption, no matter how high it may rank as a necessary of life, for those who were previously barely able

to afford its use, must now either wholly or partially forego it, although it may make no difference in the consumption of the more opulent classes. Those who have a large stock of the article on hands, or have a large fixed capital embarked in the production or importation of it, will, in the first instance, be sufferers by the fall of price consequent on this diminished demand; but as they will not remain in the trade, or continue to produce the article, unless they reap the ordinary profits enjoyed in other business, the result will be, that some capital will be withdrawn from this, and transferred to other occupations, and thus the supply of the article will be diminished and the price raised, so that those who desire to continue their consumption must pay the increased price, which will be such as to afford a fair remuneration to those who supply it over and above the payment of the tax.

Adam Smith drew a distinction between the effect of a tax upon luxuries and upon necessities: he considered that a tax upon luxuries fell upon the consumers, but that taxes upon necessities did not fall upon the labouring population who consume them;—they occasion, according to him, a rise in the wages of labour proportionable to the rise of price caused by the tax. He says: “As the wages of labour are every where regulated partly by the demand for it, and partly by the average price of the necessary articles of subsistence, whatever raises

this average price must necessarily raise those wages, so that the labourer may still be able to obtain the quantity of those necessary articles which the state of the demand for labour, whether increasing, stationary, or declining, requires that he should have. The labourer, though he may pay it out of his hand, cannot, for any considerable time at least, be properly said even to advance it. It must always in the long run be advanced to him by his immediate employer in the advanced rate of his wages. His employer, if he is a manufacturer, will charge upon the price of his goods this rise of wages, together with a profit, so that the final payment of the tax, together with this over-charge, will fall upon the consumer. If his employer is a farmer, the final payment, together with a like overcharge, will fall upon the rent of the landlord."

To those who have heard these Lectures, it is, I trust, unnecessary to point out the error which pervades this reasoning. The inconsistency in it which strikes one at first view, is, that these taxed articles are used by all the rest of the community as well as the labouring population; and we would, therefore, naturally ask, is a different rule to prevail as to one class of consumers and another? Must the rest of the community pay, not only their own share of the tax, but the share of it which belongs to the consumption by the labouring population? It would be well indeed for the latter if it were so, but the

fact is notoriously otherwise. Labourers do not receive their wages from compassion, nor are they raised because the labourer cannot live comfortably on what he has, nor, as would follow from the same principle, are they (fortunately for the labourer) diminished because he could live on less than he has : he is paid because he produces something, and because that product possesses a certain value to his employer ; the greater that value is, the more he will be paid, and the less, the less he will receive ; if what he wants to purchase with his wages is made dear by a tax, he, like the rest of the community, can get but a smaller quantity of it ; and I know of no privilege which he has of going to his employer and saying, " Soap or tobacco is dearer than it was last week, you must raise my wages." His employer would answer, " You do no more work for me now than you did last week, and that work is not considered now more valuable by the community, and out of what fund then am I to raise your wages, who am myself a sufferer by this very tax of which you complain." The consumers of the commodity produced by the labourer would not be disposed to give more for it than before ; on the contrary, as their income too is reduced by having to pay more for the taxed article, they will be likely to diminish their consumption of other things. In truth, the reasoning I am opposing supposes that there is a minimum of wages, and that wages are actually at that minimum,

and that if this were reduced lower the labouring population would actually die off, and that by the diminution of their numbers, wages would rise.

I need not spend time in showing how untrue such suppositions are: there is no minimum of wages; and in a country like England, about which Smith was reasoning, the general rate of wages is very far above what we might imagine to be the minimum that would sustain human existence, and a very considerable diminution might be made in the comforts of the labouring classes, without bringing them to actual starvation, even if the existence of a poor-law did not prevent this.

The only mode, then, left to support this position, is by having recourse to an argument which I have had occasion more than once to notice and refute, that is, that a diminution of their comforts would, by postponing the period of marriage, reduce the numbers of the labouring population, and so raise wages;—the answer is, that no such effect is in fact found to take place, and if it did, the consequences could not be felt for sixteen or eighteen years, when the impost whose effects we are investigating, would be perhaps forgotten.

We may take it then as clear, that taxes upon consumable commodities fall on the consumers. The circumstances that recommend the adoption of such taxes are, that they are readily collected, without any disagreeable inquiry into the circumstances

of individuals, and that subjects feel them less distinctly than a direct tax ; for we seldom recollect, for instance, when we buy a pound of tea, that we are paying two shillings and two pence to the Queen. On the other hand, they have this disadvantage, that they are seldom proportioned to the ability to pay of those on whom they are imposed ; for, a tax upon some necessary of life, as corn, will weigh much more heavily on the poor man, a great share of whose earnings is consumed in the purchase of food, than on the rich, whose consumption, though absolutely greater, is small relatively to his income ; while taxes on mere luxuries are comparatively unproductive for the purposes of revenue, and therefore taxes on articles of general consumption must be resorted to. They are also attended with this disadvantage, that the price of the article is generally raised to an amount exceeding the addition of the the tax ; for, as the amount of the tax must be advanced by each retailer, through whose hands it passes before it reaches the consumer, and as these advances necessarily increase the amount of capital he has embarked in the business, and as his profit must be proportioned to this amount, it comes to the consumer charged with the profit on the advance of the tax, as well as with the tax itself.

I now come to consider the effect of direct taxation ; which certainly seems to be the most honest and fair way of imposing a tax. And here, too, a

number of questions have been raised as to the ultimate incidence of the taxes. We may consider them as imposed upon the three sources of revenue—Rent, Wages, and Profits. It is generally admitted by Political-Economists, that if a tax be imposed upon the rent of land the landlord must bear it, and has no power of shifting the burden upon the tenant by raising the rent, or upon the consumer by raising the price of produce; and the reason assigned is, that under circumstances of free competition, rent does not depend on the caprice of the landlord, but on the price of produce, and the capabilities of the land compared with other land; and there is nothing in the tax to alter either of these. To those who are acquainted with the theory of rent, I need not more fully explain the reasons urged in support of this view; but, in treating upon that subject,* I pointed out circumstances limiting the application of that theory, and if we do not keep those in mind we shall be at a loss to explain how it happens, as it frequently does where there is considerable competition for land, that when an impost is laid upon rent, as tithes or poor rates, the landlord frequently insists on raising the rent by the amount of the tax, and succeeds in doing so. A tax upon wages would, as I have already shown, be borne by the labouring population. Such a tax, directly imposed, would be too obnoxious to the great mass of the population

* Lecture on Rent, not published.

to be borne with ; but taxes upon commodities consumed by them are an indirect mode of doing precisely the same thing.

The only species of tax now to be considered is a tax upon profits. A tax upon the profits of any particular employment of capital will fall ultimately upon the consumer of the article it furnishes ; for, as I already explained, capitalists will transfer their capital from that to some untaxed employment ; and thus the supply of the article will be diminished, and the price raised. But if a tax be imposed universally upon all the profits of capital, I see no mode in which the capitalist can evade the payment of the tax.

There is no subject in Political-Economy of more importance than the incidence of taxes, and I therefore think it right to call your attention to some erroneous opinions very confidently put forward on this subject. The class called the "Economists" in France, alleged that all taxes ultimately fell upon the rent of land. They were the founders of what has been called the Agricultural System, and the distinguishing characteristic of it was, to represent every kind of labour, except agricultural labour, as unproductive ;* it alone leaves, according to them, a *produit net* over and above

* The question whether agriculture or manufactures are the more advantageous employment for a nation, very much resembles the question—"Whether eating or drinking is more necessary to man?" or "whether food or clothing?" both are

the expense of sustaining those labouring upon it, and this is rent; while, they say, artificers and mechanics consume the value of what they produce. This system was founded on a misapprehension of the nature of rent, and of the productiveness of manufacturing labour; for rent is not a creation of value, it is merely a transfer of part of the produce of labour to the proprietor of the monopolized natural agent, through whose means production is carried on. To say that agriculture is more productive than manufactures, because it yields a rent, is just the same absurdity as to say, that no species of manufacturing industry is productive, unless the machinery employed is patented, and a rent paid to the patentee for the use of it; and I showed in the Second Lecture of this course, that manufacturing labour possessed the same kind of productiveness as agricultural—namely, the power to produce more than would sustain those employed in it, which is the source of all advances in wealth. The conclusion, therefore, that rent alone was capable of being taxed, was an inevitable result of their system, for it was the only revenue; every thing else perished in the very using. But after that their system had

equally necessary, and equally advantageous; and it may safely be left to individual interest to determine to what extent each shall be carried on in a country. For my part, I regret that the terms “agriculture” and “manufactures” have been used, as if there were a natural opposition between the two. They are both manufactures. Agriculture, manufactures, and commerce are all modes of Production.

been shown to be defective by Adam Smith, and more fully by later Political-Economists, one would have supposed that this doctrine would have fallen with the system. It has, however, been put forward with great confidence, in our own day, by Dr. Chalmers, who appears, at least from the tone in which he writes, to have succeeded in convincing himself of its truth; and as his conclusion is arrived at by reasoning from the extreme views of some of the Ricardo school, I think it right to notice it, as well for its own sake, as to inculcate upon you the caution necessary to be employed in the practical application of those doctrines, when urged to that extent. His argument is—taxes must either fall on rent, wages, or profits. He then endeavours to prove that they do not fall on wages or profits; therefore, the conclusion is, that they fall on rent. That they cannot fall on wages, is sought to be shown by the argument, which I have already answered, founded on the supposition that the number of the labouring population will be diminished by its operation. That they cannot fall on capital is attempted to be proved by a similar argument, equally baseless—he supposes that the imposition of the tax will induce capitalists to live more expensively, and turn some of their capital into revenue, and that thus, by diminishing the amount of capital, they will increase the rate of profit. I think there would be some difficulty in convincing

either a capitalist or a labourer, that if a tax were imposed on them, the best way of getting rid of the tax would be to adopt a more expensive style of living: and yet this is the proposal which Dr. Chalmers makes gravely, and with much pomp of words. Labourers or capitalists, if they were prudent men, would be disposed to adopt the very opposite line of conduct, and endeavour to make up for the drain of the tax, by saving, instead of by additional expense. There is a mixture of truth in the statement, however, for there can be no doubt that the rate of profit depends amongst other things, upon the amount of capital; and any extensive encroachments upon it would tend to raise the rate of profit; but if the rate of profit were thus affected at all, it could only be done by the combined and concerted movement of the whole body of capitalists, with the view and for the purpose of destroying a large portion of their capital. During this process, the demand for capital would be increasing, and this would lead persons who were not in the combination, to embark their property in business, which would then be so profitable, while it would be also the interest at each moment, of every individual capitalist to depart from the combination. Such a combination we may, therefore, safely say, would never be made, and if made, would never hold together; and even if successful, it would not improve the condition of the capitalists, for they

would be better off with a large capital, and a low rate of profit, than with a small capital and high rate of profit.*

There is another argument used by Dr. Chalmers in support of the same position, which I wish to notice, because the fallacy of it consists in a mistake which I pointed out in my Second Lecture, namely, a forgetfulness that producers are consumers also.

I give his opinion in his own words—"Insomuch that were a poll-tax of five pounds a-year laid on each labourer, we hold that an almost instant compensation would take place, by a rise to the same extent, in the money-price of labour."† I am particular in directing your attention to this passage, because I have no hesitation in saying, that the proposition contained in it is most absurd. I am satisfied that it would be impossible to persuade

* That the rate of profit in England is lower than it was some twenty years back, may be judged of by the fall in the interest of money; and is, indeed, a result which Political-Economy would lead us to anticipate, when the channels of industry have been impeded by artificial restraints. When we consider, therefore, the great amount of capital already invested in business in England, and the low rate of profit, and the facility and rapidity with which capital would be transferred from the form of money lying at interest, to active employment, when an increased rate of profit invited it; we may form some idea of how large an amount of capital it would be necessary to annihilate in order to make a difference of even one per cent. in the profits on the residue. We may, therefore, safely affirm, that capitalists will never entertain the idea of thus bettering their condition. How much more rational is it to seek to open new fields for its investment, or enlarge those already existing, thus increasing the growth of capital, and raising the rate of profit.

† Chalmers's Works, Vol. 19, page 275.

any man of common understanding, and possessing the ordinary powers of observation, to believe it, unless his mind were wedded to some system, of which this might be a necessary consequence. It conflicts too grossly with known facts; and here is an instance of the value of that teaching of experience which I pointed out in my First Lecture; it tells us that this doctrine cannot be true, and therefore, sets us upon examining the arguments by which it is sought to be sustained. When we turn to the argument, the error which I have already mentioned, is obvious. "Should a hundred millions be given annually in wages, and government lay an impost of ten per cent. upon the labourers, the ability of the original hirers to make offer of a hundred millions next year for service, is not all affected by such a tax." The answer is, it is affected, and precisely to the amount of the impost; for the labourers themselves form a part, and a very principal part, of the "original hirers," and as they have ten millions less to spend than they had before, they can command only nine-tenths of the labour they formerly did. He proceeds—"But the effect of it is, that it enables government to compete with them effectually in the labour market, to the extent of an additional ten millions; or, in other words, a hundred and ten millions may now be brought annually forward for the purchase of labour, instead of a hundred millions as before. But as there is

no additional supply of labour by this process, the money price of labour would just rise to the full amount of the tax which had been laid upon it." The demand on the part of government is not an *additional*, it is a substituted demand; labourers have ten millions less to spend, government ten millions more; there is, therefore, no additional demand whatever for labour, and therefore, there can be no rise in its price.

There is another very important mode in which human institutions alter the distribution of wealth, and that is, by operating upon the amount of the circulating medium. This subject I have already treated of in my Lectures on Currency, and it would be impossible for me to enter upon it now; suffice it to say, that we then arrived at the same conclusion which this Lecture has, I think, led us to, that governments cannot increase the production of wealth, their power is confined to altering its distribution, and the effect of such alterations generally is, to diminish production.

LECTURE V.

GENTLEMEN,—I stated at the commencement of this Course of Lectures, that before we could ascertain with accuracy the Economic condition of a people, it was necessary for us to know three things: First, The quantity of wealth produced; Secondly, How it was distributed; and, Thirdly, How it was consumed. If little be produced, it is obvious that little can be enjoyed; and, again, even if much be produced, yet if it be so distributed that only a few of the population enjoy the comforts of existence, the Economic condition of such a people is by no means favourable. The two first of these subjects I have already treated of, and I now come to the third—Consumption. By consumption I mean “the making use of any article,” whether it happen to be an article like food, that entirely perishes in the use, or one whose decay is gradual, as houses, furniture, &c. In every case, when articles have reached the hands of those who are to use them, they are

considered as undergoing consumption. Political-Economists, perhaps, not having their minds entirely free from the influence of the Mercantile System, which inculcates accumulation, at the sacrifice of enjoyment, have regarded consumption in rather an unfavourable light; they have divided it into productive and unproductive, calling consumption by those who produce as much as they consume, productive consumption, and any consumption beyond that, or by those who produce nothing, they call unproductive. Thus, consumption by labourers they consider productive, but consumption by landlords and all those who add nothing themselves to the stock of products, they consider unproductive.

It is, however, most unphilosophical to attempt to draw any such distinction between different kinds of consumption, none such really exists. No class can consume any thing without having given some equivalent for what they consume; if labourers, their labour, if landlords, the use of their land, if capitalists, the use of their capital, if fundholders, the use of their money lent to some person who is willing to pay them interest for it; if clergy, physicians, or lawyers, the care of our spiritual and bodily welfare, and of our property. All consumers are alike in this, that their consumption is regulated and limited by their powers of production; and no consumers, therefore, ought to be called unproductive, except that class which subsists upon the

voluntary or exacted contributions of others ; at the same time, no consumption should be called productive, for it is all of the same character, not merely unproductive, but in its own nature ultimately destructive of what has been produced ; however, in applying the term “ unproductive ” to consumption, it must be understood that we do not thereby complain of it, for this would be to condemn it for not being that, of which it was intended to be the very opposite ; it is, and was designed to be, the end of all past, and the stimulus to all future production. Products are called into existence that they may be consumed ; and when they are fit and ready for consumption, any postponement of it is not attended with an addition to wealth, but is, in fact, a deduction from it, because the producer must wait longer for the reward of his labour, which only reaches him when the article is purchased by the consumer, and because the wants of the consumers are, in fact, until then unsatisfied. It is upon the faith that consumers will be found, that the work of production is carried on, and if there were no consumption, the process of production would be a series of effects without a cause. If we could magically deprive mankind of their wants and necessities, the labour of production would instantly cease, for producers would then be labouring without any hope of reward ; for though the importer brings home a cargo of raw material, advancing the freight of the ships

and the cost of the cargo, and receives back those advances with a profit from the manufacturer, who purchases it from him; and though the manufacturer advances the price of his buildings and machinery, and the wages of the workmen employed upon it; and though the shopkeeper again advances all this with a profit to the manufacturer from whom he buys the goods, yet, if it were to stop here, all would have been labour in vain; and it is not until the goods find their way into the possession of the consumer, and he pays for them at the shop, that the profit has been made, and the transaction wound up. It is from this the shopkeeper receives his advance, with a profit, that advance including all the expenses that have been incurred, from the very growth of the raw material down; and it is then only that society derives benefit from the process, in the enjoyment afforded to the consumer, who, for that enjoyment, has given in exchange something else, which was the product of his own, or some other person's labour. Thus, this continual consumption makes room for, and invites further production; and to postpone the enjoyment of an article when it is ready for use, cannot be of itself productive of wealth. The reasons why such a postponement ever takes place are two—First, because we do not each produce what we ourselves want, and we therefore keep what we have produced until we are able to exchange it for what we desire to consume; and,

Secondly, because we require, in order to make our labour productive, the assistance of tools, machines, and all that is called fixed capital; and, therefore, it is necessary, instead of consuming our wealth at once, to invest some of it in this shape, with a view to the production of larger future results. Doubtless, if national consumption outstripped, or could outstrip, national production, we would be on the road to ruin, just as a man is who lives beyond his means, or, in other words, spends more than he makes, though it is not so easy to see how a nation can continue to do this, unless it gets credit, and refuses to pay its debts (like Pennsylvania); or, again, if the general taste of a nation be for articles of speedy consumption, it will have very little material wealth stored up, just as an individual, who spends his income on eating and drinking, will not have as much to show for it as one who spends it on pictures or books; but however individuals may err in their tastes, with reference to their own real enjoyment, we may safely enough leave a nation to indulge those to which it is naturally led; and it would be presumptuous in legislators to attempt to guide them, as is proved by the futility of the sumptuary laws that have been from time to time enacted, habits of expense and improvidence not being likely to be checked by the imposition of positive prohibitions so easily evaded. But these laws, at least, were not guilty of the absurdity of

endeavouring to check *every* kind of consumption, the result of which, if it could be at all accomplished, would be to check, at the same time, production and enjoyment.

Let us now inquire what is the effect upon the community of different kinds of consumption,—First, consumption of home ; Secondly, consumption of foreign articles. Looking merely to each individual, it is obvious that he will derive the greatest enjoyment from his income, by spending it in the way that his own inclinations prompt him to ; and as far as his *wealth* is concerned, if he spends all his income upon perishable articles, he will have none left at the end of each year ; if he hoards up his wealth in gold, he benefits neither himself nor the community, from whom he is withdrawing so much wealth ; but if he saves, he does so by putting out his wealth at interest, and as this must be employed productively by the person who pays him interest for it, he is thus increasing his own wealth, and at the same time contributing to increase the productive power of the community. But now let us look more particularly at the effect which the mode of consumption may have, not merely on the consumer himself, but on other members of the community. The great mass of every nation live by their own labour, while a few being possessed of accumulated wealth, realized by themselves, or those from whom they derive it, have, by virtue of the

possession of that wealth, the power of commanding the labour of others, by offering to them a part of this accumulated wealth; this wealth is sometimes invested in land, or houses, or the funds, and various other securities, all of which represent accumulated wealth.

Now, let us take the case of a landed proprietor, and see what the effect of his consumption is upon the other classes. Suppose him to possess 100 acres of land; the worst thing he can do with it is to suffer it to remain idle: he thus leaves himself and the community poorer by the amount of produce that might have been raised from it. There is, however, no law to prevent a man doing this; it being wisely thought that self-interest would be a sufficient protection against it. Suppose him to do what landed proprietors generally do: not wishing to cultivate the land himself, to give permission to a farmer or capitalist to till it, stipulating that he is to receive a certain share, say one-third, of the produce, for this permission. This amount will be regulated by the principles I pointed out when treating of Rent; and the rest will belong to the capitalist, to enable him to employ labourers to cultivate it, to buy seed, &c., and to have the usual profit upon his advances. Suppose the farm produces 300 quarters of corn; then, 100 quarters will be given to the landlord: this is his own, just as much as the wages of the labourer, or the profits of the capitalist, and he may

do as he pleases with it ; and if he threw it into the sea, he could not be said to defraud any other member of society of any of his just rights ; and according to some Political-Economists, it would be quite a matter of indifference to society, whether he did this with it, or did anything else ; for they say that “ all modes of unproductive consumption are equally injurious.” I cannot agree with them. The class of labourers are deeply interested in the mode of consumption ; as will be quite obvious, if we pursue the illustration. If each labourer produced everything he wanted for himself, the reward of his labour would depend simply on its productiveness ; but when he procures what he wants by exchanging the produce of his labour, then, his wages depend on two sets of causes—those which influence the value of what he produces, and those which influence the value of what he consumes ; that is, the higher the value of his own produce, and the lower the value of what he consumes is, the more he will be able to enjoy. Now, to apply to this the ordinary principles which regulate the value of everything : whatever increases the demand for his produce, and increases the supply of what he desires to procure, will improve his position. Now, suppose no class in existence but labourers, or that all their exchanges only took place amongst themselves, it is obvious that they would create a demand, and furnish a supply for one

another ; each additional labourer would bring his wants to increase the demand, and would bring his productive powers to increase the supply : there would thus be no derangement in the proportions between the demand and supply. So far, therefore, labourers may be said to be independent of the other classes in the community. The labourers employed by the farmer on these 300 acres, will receive from him a certain share of the produce ; part of this they will consume for their own use, and part they will exchange with other labourers for clothing and the necessaries of life. Thus, if fifty labourers were to emigrate to an uninhabited island ; suppose the labour of thirty of them was able to supply food, and the labour of the other twenty to supply clothes and other necessaries for the fifty, they would be able to sustain each other. But now, might not their condition be improved ? Suppose a person in a neighbouring island, who had a quantity of articles he was not able to use, and who desired some of their products, were to ask for them, and to offer what he had, and which, we will suppose, they wanted, in exchange for some of their productions, would not this be a new demand, *ab extra*, for the produce of their labour ? and would it not be a new supply of something that they wanted ? Just so, it appears to me, that if the landlord comes into the labour-market with his 100 quarters of corn, and offers it in exchange for the services of some of

the labourers, he adds to the demand for those services, and, by giving his corn in exchange for them, he increases the supply of what the labourers desire to consume. Certainly, its first and immediate effect (I shall afterwards consider if it be permanent) is to raise the wages of labour. It changes the direction of labour, transferring to work for the landlord some of those who were before working for each other, there is a new customer in the labour-market, who is able to remunerate labour. Still, much will depend on the direction which he gives to labour; if he employs them as menial servants, he gives them in requital for these services a portion of that produce, none of which would, upon my first supposition, be ever appropriated to their use; but such a taste on the part of the landlord, if carried to excess, would be by no means favourable to national wealth, because it would not impart to the population that skill and ingenuity which constitute so great a part of the capital of a civilized people, and so directly increase their wealth. This is the situation in which a semi-barbarous country is placed, when the landowners have no other way of disposing of their wealth, than by feasting a large train of dependents, until by the introduction of a variety of articles calculated to awaken new tastes, this is abandoned, and the idle followers are transformed into artificers and mechanics. If he spends a large portion of his income in keeping dogs and

horses, the labouring class derives little benefit from such a taste; the food, which would be appropriated to their use, if he spent his income in purchasing the produce of their labour, is now wasted; and it is only the few, whom it is necessary to employ in attending to the dogs and horses, who obtain any share of the produce.

If he were to employ his wealth in setting people to work to make cotton and calico, this alone would be what some Political-Economists would call productive consumption; the effect of this would be, that the produce would now go to cotton-spinners instead of to servants,—and thus the direction of labour would be changed.

We may see then, at once, that the community is far from being uninterested in the mode in which revenue is consumed: the proprietors of this revenue have in their hands the power of determining the direction to be given to a great part of the labour of the community: if they do not employ it in purchasing the produce of labour, they thus diminish the demand for that produce, and the supply of commodities appropriated to the wants of the labouring population: that is the *immediate* effect of a withdrawal of their demand, and if we desire to ascertain the permanent results, we must examine, as I shall presently do, whether, if that demand on the part of the landlord was withdrawn, the labourer could devote himself to any other employment which would

enable him to procure more in exchange for the produce of his labour, than he did while in the service of the landlord, and whether, when this demand on the part of the landlord increases, the effect is to withdraw the labourer from a more to a less profitable occupation or the contrary, for these are the circumstances on which it depends whether the change is ultimately beneficial or not : and this, of course, is regulated by the circumstances of each particular country, by the direction which the proprietors of revenue would give to labour, and by the occupation which would engage the labouring population in the absence of any demand on the part of the proprietors.

Let us now consider the consequences if he consumes foreign commodities.—If he spends part of his income on foreign wines, then the produce is exported in some shape to pay for it. I need hardly observe to you, that commerce is not carried on to any considerable extent by remittances of money, but by the medium of bills, as I explained fully in my Lectures on Currency ; goods are exchanged for goods, and therefore the effect of an increased demand at home for foreign produce, is to lead to an increased exportation to pay for that produce, and such goods will be exported as are naturally best fitted for exportation according to the nature of the country's productive power ; England's exports, for instance, chiefly consisting of manufactured goods ; Ireland's, of corn,

live stock, butter, bacon, &c. ; and Poland's, of corn. The only share, then, of such a landlord's produce that is appropriated to the use of the population here, is that which he expends on servants or home manufactures, and that part which goes to pay the profits on the capital of the wine-merchant who imports the wine for him : the rest goes to pay the wine-growers abroad.

A demand for foreign produce leads to exportation, and in like manner a demand for home produce generally leads to importation, because some of the population at home are drawn away from supplying articles for their own use to minister to the landlord, and it may be expected generally that the deficiency will be supplied from abroad.

I think these considerations, which appear simple enough, and in which I have not been able to detect any error, lead us at once to a position from which we are enabled to determine the important question of Absenteeism. You are all probably aware that it has been asserted in general terms by some Political-Economists, that a country can sustain no injury in point of wealth from the residence abroad of landlords and other proprietors of revenue,—and this opinion is so generally at variance with the result of one's own experience on the subject, that it has not a little contributed to bring the reasonings of the Science into disrepute. The argument in support of the position is this, that if a person lives

abroad, his income will be remitted to him, not in money, but in the produce of the country, and as all modes of unproductive consumption are equally injurious to the community, it is indifferent whether the consumption takes place at home or abroad.

The case of a person residing abroad evidently resembles that of a person using foreign commodities at home, except in degree, for the person residing at home must appropriate some of his income to the labouring population at home, and must also contribute his quota to taxation, which, by a residence abroad, he may in a great measure avoid; but in examining the case of a person using foreign commodities, we came to the conclusion that his consumption was by no means beneficial to the labouring population, inasmuch as it had the effect of lessening the demand for their labour, and diminishing the supply of commodities appropriated to their use; the result of it is to transfer labour from the use of landlords to the service either of themselves and other members of the community, or to the service of foreigners. In order therefore to determine whether this be a change for the better or for the worse, we must look at the circumstances attending each case, and without that reference we cannot say of Absenteeism in the abstract, whether it will be injurious or beneficial to national wealth. So obvious is it that Absenteeism is in Ireland at least, an evil, though Mr. M'Culloch, in his examination before a Committee of the House

of Commons, strenuously denied that it could be, that Mr. Senior modifies this proposition as to Absenteeism, and says, that it can be only detrimental to the labouring inhabitants of a country which exports raw produce,—thus meeting the case of Ireland and admitting it to be an evil ; but though what he states is undoubtedly true, he does not appear to me to place the matter on its broad general basis, or to assign the true reason for the manifest difference between the effect of Absenteeism in the two countries : he rightly says that “ the whole quantity of commodities appropriated to the use of Irish labourers is diminished ;” is it not equally true, when cotton and calico are exported, that the quantity of commodities appropriated to the use of English labourers is diminished ? How does the fact, that before the produce is exported from England, it is exchanged for cotton and calico, while in Ireland it is directly exported, of necessity make any difference ? on the principle I laid down in the beginning of this Lecture, such a transformation, or such a postponement, cannot occasion any additional wealth. The true account of the matter seems to be this,—the effect of Absenteeism is, to turn labour to preparing goods for exportation ; in Ireland the exports are the raw produce of the soil ; in England produce is not exported, because that country possesses more advantages in exporting manufactured goods than raw produce ; therefore the English landlord increases

the number of manufacturers by his absence—the Irish landlord by his absence increases the number of the agricultural population : in Ireland this has the pernicious effect of diminishing, to a great extent, the number of artisans, domestic servants, &c., and changing them into farmers or agricultural labourers, thus increasing the competition for land, and arming the landlord with the power to exact excessive rents, which he would not have, if there were a variety of occupations by which a man might earn a livelihood if he found he could not derive a fair remuneration from the cultivation of land. In England, the result is the opposite; it diverts some labour from agricultural purposes, to an employment which is very productive, and whose productiveness, unlike that of agricultural labour, increases with every extension of it; and thus a variety of occupations is established for the labouring population to choose from, than which nothing can be more conducive to their wealth, independence, and security from any combination of employers to reduce their wages. Thus, the effect in England is, to diminish the demand for domestic servants, and for labourers to supply the home market, and to increase the demand for labourers to manufacture articles for the foreign market. In Ireland the effect is, to diminish the demand for domestic servants, artizans, and persons that would be engaged in manufacturing for the landlord, if at home, and to turn those persons to agricultural

labour. As long as the landlord remained at home, his share of the produce, representing his rent, was, as far as he used home-labour, appropriated to the use of home-labourers; if he now goes abroad, there is so much less produce to be shared amongst the labouring population; and if the supply of produce be increased, it must be by turning some of that displaced labour to agricultural purposes, as we are not a corn-importing country; and this, as I said, increases the competition for land.

Some of that produce, which the labourers used to consume, is now sent abroad, it is therefore necessary, if their wants are to be supplied, to raise more from the soil; they have nothing but their labour to offer in exchange for the produce they require; they have no landed proprietor to offer it to, and they must, therefore, obtain the additional supply by labouring on the land or by labouring for each other. In England, when the labourer is displaced from being a servant, or an artisan, his necessities still demand that share of the produce which he obtained when in the landlord's service; and this it is still the interest of the landlord to give him, in exchange for those manufactures to the production of which he can now turn his powers, for those manufactures can be exported to greater advantage than corn; and the labourer is transferred to an occupation which is likely to increase his own, and the national wealth, more than the occupation

of a domestic servant ; so that it is not necessary to draw upon the soil for any additional supply of food in consequence of the landlord's absence. But in Ireland, the displaced labourer has still the demand for food ; he will not receive any of the landlord's share of the produce, because that produce can be exported with more advantage than any thing which he could offer in exchange for it : an increased supply of food is, therefore, requisite, namely—food to sustain the displaced labourer : he can only transfer his labour to an occupation in which the remuneration is small, and which, by his accession to its ranks, is rendered still more unprofitable : thus the demand for the produce of his labour is, not only temporarily, but permanently, diminished ; and the supply of the food he requires is diminished, less being now appropriated to the use of the labouring population ; he is therefore, permanently, in every respect, worse off : and the difficulty which I represented in my Second Lecture to be always felt by the labourer, in producing some equivalent which will enable him to command the necessaries of life is, in this case, greatly increased

I think this exposition of the effect of Absenteeism explains many appearances in the condition of our peasantry. Rent amounting in many cases to an extravagantly large share of the gross produce of the land, in consequence of the excessive

competition for land—all that produce sent abroad without any return, as the yearly excess of exports above imports proves—a great part of the population subsisting upon food of a very inferior description, and with clothing and domestic utensils, furniture, &c., of a rude and unimproved construction, there being no way of improving their own rough manufactures, and they having nothing to offer in exchange for the finer ones—all these circumstances, though no one would be rash enough to attribute them exclusively to Absenteeism, yet, I think I have shown are effects likely to flow from it, and which would be likely to be diminished by its removal. It is no doubt true in the abstract,* that as long as the amount of productive labour in a country is not diminished, its annual produce, and therefore its wealth, will not be diminished; but we are apt to forget how difficult it is in the progress of society

* In the words of Adam Smith—"The annual labour of every nation is the fund which originally supplies it with all the necessities and conveniences of life, which it annually consumes, and which consist always either in the immediate produce of that labour, or in what is purchased with it from other nations. According, therefore, as this produce, or what is purchased with it, bears a greater or smaller proportion to the number of those who are to consume it, the nation will be better or worse supplied with all the necessities and conveniences for which it has occasion."

As any change in the consumption of the proprietors of revenue cannot, of itself, add to or diminish "the annual labour," any consequences that may result from it must be sought for in the direction it gives to that labour, making it more or less productive, as I have shown; and this is the criterion by which Absenteeism is to be judged of.

to find a market for that labour, in other words, a demand for its produce ; and though, if there were no other class but labourers, they would create a demand for each other's labour, and supply that demand,* yet any supply from another source of what they want, and any demand *ab extra* for their labour, acts in a most beneficial manner upon them ; and this is the effect which a demand on the part of those called

* It is a very important truth, that each labourer added to the community brings his wants to increase the demand for products, and his productive powers to increase the supply of products, (see page 118) ; and therefore, unless there be a continually diminishing productiveness of labour, arising from a barren soil, which could not be relieved by importation, the labouring class may increase to an indefinite extent, and may be able to supply all its own wants, without the aid of any other class, and without any demand *ab extra* for the produce of their labour. But, in order to appreciate the actual effects produced upon them by the withdrawal of any such demand, it is necessary to observe the practical obstacles there are to the working of this principle. We sometimes hear of numbers of emigrant workmen being forced to return from America for want of employment : now we know, as an abstract truth, that if those workmen were distributed amongst the different branches of employment in America, they would increase the national wealth of that country ; for they would create an additional demand for commodities, and, also be able, by their own labour, to supply that demand. Why, then, does not this result always take place ? Because, the mere *existence* of a number of additional labourers does not increase the effectual demand ; it is only when the labourer is employed and has equivalents to offer for what he desires, that his demand is effectual : so that, if the demand and supply of products were duly proportioned on their arrival, the labourers must be employed before the increased demand for the products of their labour exists ; for it is only when they all become producers and consumers that the proportion between demand and supply is restored. This illustration will show us how much distress may be caused before this principle comes into operation, and therefore, how cautious we should be in pronouncing, that an increase or diminution of the demand *ab extra* for the produce of labour, is an indifferent circumstance.

unproductive consumers, exercises upon their Economic condition. By a similar argument, some Political-Economists have said that there is no tendency in profits to decline in any particular employment with the increase of capital, because the cost of producing the articles does not increase: but it is found in practice that profits decline, because the supply of the particular article may exceed the demand, and therefore every increase of that demand, from whatever quarter, tends to keep up profits, as I have shown that it keeps up wages also. Thus foreign Commerce not merely serves a nation by supplying it with what it wants on cheaper terms than it could otherwise procure them; but being a demand *ab extra*, it keeps up both wages and profits by opening new markets, and thus increasing the demand.

The result, therefore, of what we have observed upon the subject of Consumption, is, that Consumption is not to be regarded with an unfavourable eye, on the contrary, it is the end and purpose of production, and the best index of wealth and enjoyment: that it is by no means a matter of indifference to the community how wealth is consumed, and the proprietors have it in their power to use those gifts which they are favoured with, so as to dispense comfort around them. Legislators have seldom thought it necessary to interfere with individuals or direct them how to spend their income, wisely con-

sidering that duty and interest will be found in this, as in most other matters, to coincide ; and as the proper proportion will be kept up between productive and unproductive consumption, so it will be kept up between the use of domestic and foreign commodities, for in the natural course of things, domestic will be preferred to foreign articles, unless where the latter can be had better and cheaper, and if they can, it is better that the labour, before employed in producing the domestic article, should be directed to some more productive employment. In like manner we may conclude, that Absenteeism will not prevail to any pernicious extent, unless there be something false in the position, or radically unsound in the institutions of a country : whether it is wise to check it by positive prohibitions, is a question for the statesman, on which I do not mean here to pronounce any opinion.

A P P E N D I X .

RETALIATION, OR FREE TRADE ?

SINCE the remark in the text* was written, my attention has been directed to some views lately put forward by Colonel Torrens, on this subject. I have read the article in the 157th number of the *Edinburgh Review*, entitled, "Free Trade and Retaliation," and Colonel Torrens's Reply to that article. I have not seen the publication called the "Budget," in which those views were first put forward, at least so as to attract public attention; but as, in the remarks I have to make here, I do not mean to enter into the *minutiæ* of detail connected with the subject, and as I shall be careful not to assume any opinion as belonging to Colonel Torrens, unless it be adopted and advocated by him in his Reply, I trust that I shall be able to give a fair representation of his opinions, and a short but satisfactory refutation of them. I could not within the limits of this note, enter into a detail of all the points at issue between Colonel Torrens and Mr. Senior, the author of the article in the *Edinburgh Review*; nor would I be disposed to attempt to answer all the matters contained in Colonel Torrens's Reply, as I dare say they will be answered by Mr. Senior himself, with far greater ability than I could pretend to; I could not, however, let this little work go forth without noticing what I conceive to be a very plausible and dangerous error.

The opinion, then, the correctness of which I now dispute, is, "that the imposition of retaliatory duties, to countervail similar duties imposed by foreign countries, is expedient, and that such a course would raise prices in the country that imposed them;

but that, on the contrary, a lowering of import duties upon the productions of countries retaining their hostile tariffs, would occasion an abstraction of the precious metals, and a decline in prices, in profits, in wages." I am sure Colonel Torrens will admit that these are substantially his opinions. Instead of examining the arguments used by him in support of this view, I now take the more direct course of demonstrating its fallacy, by the following argument:—

First—I shall point out the causes which regulate and determine the quantity of precious metals that circulate within any country ;

Secondly—I shall examine whether the imposition of import duties exercises any influence on these causes ; if not, the conclusion is inevitable, that the amount of the precious metals in the country will be unaffected by their imposition.

With regard to the first branch, I am sure that Colonel Torrens will not dissent from my propositions respecting it.

Colonel Torrens states his views in page 7 of his Reply—"that the precious metals have a constant tendency so to distribute themselves throughout the world, as to bring the currencies of different countries to par ; or, in other words, to cause an ounce of gold, in London, to purchase (subject to a slight correction on account of carriage) a bill of exchange for an ounce of gold, payable in Paris, Amsterdam, Hamburgh." This is perfectly true, and when the currencies are thus at par, each country has its *natural* supply of the precious metals ; but the absolute amount that circulates in each country is very different, and we now ask what determines that amount ? Here again I agree with Colonel Torrens, who quotes and adopts Ricardo's view. It is regulated mainly by the productiveness of the labour employed in the raising of exportable commodities. In Mr. Ricardo's words, as quoted in page 9 of the Reply—"Of two countries, having precisely the same population, and the same quantity of land of equal fertility in cultivation, with the same knowledge too of agriculture ; the prices of raw produce will be highest in that where the greater skill and the better machinery is used in the manufacture of exportable commodities." The same truth is stated with admirable clearness by Mr. Senior, in his "Lectures on the Cost of obtaining Money," which Colonel Torrens cites with

approval. If an Englishman can in the same time produce double the quantity that an Irishman can, it is manifest that he will obtain, as the reward of his labour, double the quantity of gold that the Irishman will. The only other circumstances that determine what supply of the precious metals a country shall have, are those which affect the rapidity of the circulation and the number of exchanges, as pointed out by Mr. Senior, in page 27 of the *Edinburgh Review*: these latter circumstances obviously cannot be influenced by any change in import or export duties; they depend exclusively on the monetary regulations of the country, and on the civilization of the people; we may, therefore, safely put them out of view in the present inquiry, and then the only question we have to ask, is, *whether the imposition or removal of import duties has any effect upon the productiveness of the labour employed in making exportable commodities?* If their imposition increases that productiveness, it increases the supply of the precious metals, and Colonel Torrens's position is established; if it diminishes the productiveness, it diminishes the supply of the precious metals, and the very opposite of his theory is the truth; and if it exercises no influence upon the productiveness of labour, it produces no *permanent* effect, on the supply of the precious metals; and the same may be said, *mutatis mutandis*, of their removal;—I say *permanent*, because there may be a *temporary* variation in the supply, produced by the occurrence of anything unusual in the commercial world, such as the drain of gold caused by a deficient harvest. That it is *temporary* only, will be indicated by the exchanges, as Colonel Torrens states in page 7 of his Reply; and it is very different from any permanent change in the supply, which, as I have stated, can only be produced by a change in the productiveness of labour.

Let us examine, then, into the effect which a change in import duties can exercise upon the productiveness of labour. Suppose the trade between England and France to be *perfectly* free—a state of things which would meet the unqualified approval of Colonel Torrens: it is then evident, on the principles put forward by all supporters of free trade, that the industry of each country will be directed to those employments in which its labour is most productive. Now, let England impose an import duty on

French articles, and France continue to receive English articles duty free : Colonel Torrens would say that the consequence of this would be an increase of the supply of the precious metals in England, and a diminution of them in France. This cannot be, unless the productiveness of labour in France is diminished, and in England is increased by the change. Is it so, then ? The first effect of the import duty would be to diminish the consumption of French articles in England. Those articles were procured by sending to France, in exchange for them, the produce of English labour, either in the form of English manufactures or in gold, or some other commodity procured by the export of English produce. The consumers of French articles in England, having discontinued or diminished their consumption of them, will, by some new mode of expending their income, give a different direction to this labour, which was formerly employed indirectly in procuring French articles for them—it is obvious, that the consumers of French articles suffer by the imposition of the duty, for this labour, which they are able to command, was most productive of enjoyment to them, when it was employed in procuring French articles for them, otherwise it would not have received from them this direction ; the income they used to spend in the purchase of French articles must now be expended upon something which will produce less enjoyment ; therefore, as far as English consumers of French articles are concerned, the productiveness of the labour at their command will be diminished ; *is not, therefore, the productiveness of English labour diminished ?* Labour is most productive when it furnishes us with the greatest abundance of all the articles we desire ; and by the imposition of this duty, the number of desirable articles at the disposal of the English public is diminished, and their power to gratify their wishes impeded. This I call a diminution in the productiveness of English labour, and I know no other sense in which the words can be properly used. Take the article claret : suppose a man used, when there was no duty, to drink 100 bottles of claret a-year ; and the duty is high enough to double the price : if he does not choose to spend more on claret than he did, he can only drink 50 bottles now : he pays for the 50 as much as he used to pay for the 100, and has only half the enjoyment, and the benefit is reaped by

Government, at his expense, by the receipt of the duty. If he discontinues the use of claret altogether, the money which he used to spend on claret, he will spend in some other way less suited to his inclination. This may seem a trifling inconvenience, especially as some Political-Economists seem to regard the interests of consumers as of much less importance than those of producers; but if we read "corn" for "claret" in the illustration, the same will be true, and the results formidable in their character; for it is obvious that neither the corn nor the claret would be procured from abroad, if they, or articles to supply their place, could be raised at home as cheaply and as well. Now, would any injury be inflicted on France by the change? As the English demand for French goods would be diminished by the rise of price consequent upon the duty, those who had capital embarked in the business of supplying goods to the British market would suffer from a fall of profits, until either a new market for those goods was discovered, or, if that could not be done, until some capital was withdrawn from this occupation. Nothing, however, has occurred to diminish the demand for British articles in France, and they can be obtained upon as favourable terms as before; they can no longer be all paid for by the direct exportation of French produce, and therefore some of the labour which is now not required to supply the British demand, will be employed in procuring something which England will take—for instance, in sending goods to Germany, and sending German goods into England; or in sending goods somewhere for gold, and sending gold into England. Now this change in the direction of industry is certainly *some* evil, but it is by no means of the same magnitude as that under which England suffers; the latter cannot be evaded, for the prohibited commodities cannot be introduced even indirectly from any other country, while France *can* evade the difficulty in the way of making her payments, by indirectly sending into England the produce of other countries which is not prohibited. Now, suppose France imposes a corresponding duty on English imports: how will this benefit her? It will bring upon France those evils which I have shown England experienced from the diminished productiveness of labour, for French consumers of British goods must now be satisfied with an article less suited to

their wants and wishes. England would now suffer from the same evil which was confined to France before, namely, the diminished demand for British articles for the French market, but neither country would now have to resort to a round-about indirect mode of making their payments, as the direct exports and imports would probably balance each other, as they did in the time of free trade, which is the only advantage that can result, if advantage it be. But the final result of the imposition of duties by both countries is, that the productiveness of labour in each country is permanently diminished.

The same reasoning will prove that the lowering of import duties in England, in the face of foreign rivalry and hostile tariffs will not produce any permanent abstraction of the precious metals from England; because it will not diminish the productiveness of her labour, which is the regulator of the supply of the precious metals.

It appears to me, therefore, that unless Colonel Torrens can show, that the removal of import duties would diminish the productiveness of a country's labour, or the imposition of them increase it, it is impossible for him to sustain his present opinions. It is easy to *imagine* a case in which such a result would follow, for instance, if the effect of a large exportation of a country's produce were to compel her to export articles in which her labour was less productive; but in practice it is found that the greater the demand is, the greater is the productiveness of our labour. I have not embarrassed this argument by any considerations respecting the Exchanges; but I am sure Colonel Torrens will admit, that, if from any cause, a greater supply than usual of the precious metals is poured into a country, while the natural causes, which determine what that supply shall be, remain unaltered, the principle which he has pointed out in page 7 of his Reply will operate; the exchanges will become unfavourable to that country, and, by a well-known law, the gold will find its way out until the supply is reduced to its natural amount; and in the same way, if the supply of the precious metals is diminished, while the causes, which determine what the natural supply shall be, remain unaltered, gold will flow back, until the natural supply is restored. I will not enter here into the detail of the operation,

by which the Exchanges bring about this result ; every one at all acquainted with Economic Science is familiar with it, and it is stated with the utmost clearness in Mr. Senior's first Lecture " On the Transmission of the Precious Metals."

It is not my design, as I already stated, to reply to all Colonel Torrens's arguments, for the answer which I have given, if there be no error in the reasoning, is conclusive against them, and renders it unnecessary to entangle one's self in the perplexity of the imaginary cases he puts. I will, however, observe, that the reasoning which he has in some places employed, based as it is upon suppositions most remote from reality, illustrates the importance of the truths I directed attention to in the first of these Lectures.

I will, however, take his imaginary case of England and Cuba, and point out what very different results would take place from those which he predicts.

England and Cuba are supposed to be equal in territory, fertility, population, amount of capital, and general efficiency of labour, and that they have each a metallic currency amounting to £30,000,000 ; this supposition is strictly correct, for on the principles agreed on by both Colonel Torrens and myself, the supply of the precious metals in each would be equal. He also supposes that they trade only with one another, and that this supply of sixty millions of gold cannot be increased. England has superior productiveness in cloth and Cuba in sugar, and he supposes the exchanges between them, under a system of free trade, to be 1,500,000 cwt. of sugar, worth 30s. per cwt., and 1,500,000 bales of cloth, worth 30s. per bale. It is evident, then, that it requires the same amount of labour and capital to produce a bale of cloth in England as it requires to produce a hundred weight of sugar in Cuba. He then supposes Cuba to impose on cloth a duty of 100 per cent. and England not to retaliate. I will now trace the results according to the sound principles of the Science, as I understand them, and leave the reader to compare them with those arrived at by Colonel Torrens.

Cuba will now only consume 750,000 bales of cloth, and there will be a balance due by England to her after receiving 1,500,000 cwt. of sugar, which she must pay in gold, only the three articles,

cloth, sugar, and gold, being supposed to exist—the amount will be £1,125,000.

Cuba will now have . . . £31,125,000 of gold.

England will have . . . £28,875,000 of gold.

This will alter the value of cloth and sugar in each country measured in gold, the supply of gold is altered, but the supply of cloth and sugar remains the same; and it is manifest that if, when there were £30,000,000 in Cuba, cloth was worth in Cuba 30s. per bale; when there are £31,125,000, it will fetch 31s. 1d. per bale, or thereabouts, and if when there were £30,000,000 in England, sugar was worth 30s. per cwt., when there are only £28,875,000 the English merchant will only give 28s. 9d. per cwt., or thereabouts, for it, exclusive of the duty; matters would therefore stand thus:—

Cloth will be worth in England 28s. 9d.

Cloth . . . in Cuba 31s. 1d.

Sugar . . . in England 28s. 9d.

Sugar . . . in Cuba 31s. 1d.

It is manifest that the instant effect would be, to check exportation from Cuba to England, and to encourage exportation from England to Cuba.

But suppose, with Colonel Torrens, that England still imports 1,500,000 cwt. of sugar, and Cuba 750,000 bales of cloth,

Sugar in England will only bring 28s. 9d.

Therefore England will pay—1,500,000 cwt. at 28s. 9d.—£2,156,250

Cloth in Cuba will bring . . . 31s. 1d.

Therefore Cuba will pay—750,000 bales at 31s. 1d.—£1,165,625

£990,625

The balance now to be remitted by England is £990,625 instead of £1,125,000 as on the last occasion, and if the exchanges go on, England will have to remit less on every occasion, till very soon she will get 1,500,000 cwt. of sugar for 750,000 bales of cloth.

The result therefore would be altogether favourable to England; she need only employ as much labour and capital as would make 750,000 bales of cloth, and the labour before required for the other 750,000 might be applied to some other purpose; or, if it was still employed in the same way, she would have the enjoy-

ment at home of 750,000 bales of cloth, in addition to her usual supply of sugar, while the Cuba consumers would only have half their former supply of cloth, while they should devote the same amount of labour and capital to the making of sugar, and the only benefit derived by them would be an increased supply of gold, for which they are obliged to pay this penalty; and England, for the loss of the gold, would reap the advantages I have stated.

Let the reader compare these results with Colonel Torrens's deductions, bearing in mind, however, that the reasoning is about a purely imaginary state of things, for, except upon the supposition that the supply of gold in the world is incapable of increase and that there are no other trading countries, the supply of gold could not be permanently different in two countries, whose population, efficiency of labour, &c., are equal; and in this *imaginary world* it would not be attended with any evil to the country whose supply was lessened; in the *real world*, however, if such a permanent diminution were possible, it would be attended with great evil; but in the *real world* it never can happen; so that the circumstance of the existence of other trading countries, and of other supplies of gold, which would cause it to be an evil if it occurred, is the circumstance that effectually prevents its occurrence. For I take it to be clear to demonstration, that, if the productiveness of a country's labour is unaltered; if her goods will procure as much of the precious metals or other commodities in the market of the world as they ever did, and yet, if her supply of the precious metals be, from any cause, lessened, gold will flow into that country; for this simple reason, that gold is more valuable there than in any other part of the world, for in consequence of the diminution of its supply, it will procure in exchange more of the goods of that country than it did before, and those goods are of the same value in the market of the world as they were, for the productiveness of the country's labour is undiminished, and those goods will procure as much of every other thing as they did, except of *gold at home*; therefore, a clear profit is to be realized by bringing the gold there and getting those goods in exchange; and the same is to be said, *mutatis mutandis*, when the supply of the precious metals in any country is, from any cause increased, while the productiveness of its labour is the same. This is effected, as

we all know, by the operation of the exchanges, which, by becoming favourable or unfavourable, lead to the import or export of the precious metals; the exchange can never be *at par* between two countries, unless the value of gold is equal in both, and it is not equal if it procure more of goods of the same value in one and less in another, that is to say, it can never be *at par* if the supply of the precious metals in any country is altered, while the productiveness of the country's labour remains the same. The immediate effect, therefore, of any change in the supply of the precious metals, is to produce a corresponding change in the exchanges; and when they return to *par*, it is manifest that the supply of the precious metals is the same as it formerly was, unless the productiveness of the country's labour has been changed. Colonel Torrens's mistake, therefore, consists in supposing, that the diminution of supply can be *permanent*, when the causes which regulate and determine that supply remain unaltered.

I would think it unnecessary to dwell so long upon a point which seems so clear to my own mind, but that the opinion which I have been combating would, if well founded, be fatal to the cause of Free Trade, and it has received the sanction of eminent Political-Economists: for instance, Dr. Longfield, one of my predecessors, whom I consider one of the ablest writers upon the Science, was led into this mistake, and puts it forward in page 108 of his "Lectures on Commerce and Absenteeism." I dare say Colonel Torrens will be glad to have such an ally.

Colonel Torrens is much displeased, because Mr. Senior identifies his view with the Mercantile System; but let the opinions be clothed in what language they may, their substantial import is, that it is advisable to compel a people to do without foreign goods, and to keep their gold, which, under a system of freedom, they would give for the goods—why is the gold given? because we prefer having the goods to keeping the gold; and this choice Colonel Torrens would prevent us from making. A large and sudden importation of foreign corn is complained of, because it produces a drain of gold; but if we had no gold to give, or were not allowed to give it, and if the foreigners would take nothing else, would we not be much worse off? we should then do without the corn, which is the alternative Colonel Torrens must recommend. If this be not the essence of the Mercantile System, I know

not what is; and when Colonel Torrens defends himself by showing that he does not adopt *all* the opinions of the Mercantile School, while he admits the principle on which they are based, he only succeeds in proving his views to be *less* sound than theirs—they are *consistently*, he *inconsistently*, in error.

Great and unnecessary confusion has been introduced into the discussion of this subject, by mere verbal disputes, as to the principles which regulate *inter-national* exchange. Colonel Torrens, in his Reply, page 14, says, “I maintain that the terms of inter-national exchange are regulated, not by cost of production, but by demand and supply. You maintain that they are regulated, not by demand and supply, but by cost of production. My position is, that the relative value of foreign commodities is regulated by a different rule from that which regulates the relative value of domestic commodities;—your position is, that the relative value of foreign commodities, and the relative value of domestic commodities, are regulated by one and the same rule.”

If there were any *real* difference of opinion between Political-Economists upon a matter so elementary as this, it would be a circumstance calculated to lower the public estimate of the Science, but in truth there is not, it is a *verbal* difference. Mr. Senior would admit, that “the value of foreign commodities is *not* regulated by *cost of production*,” taken in the sense in which Colonel Torrens supposes him to have used the word; and, on the other hand, Colonel Torrens would, I trust, admit, “that the relative value of foreign commodities is regulated by the *same rule* as that which regulates the value of domestic commodities”—taking that proposition in the sense in which Mr. Senior employs it.

A simple statement of the principle which regulates the exchangeable value of *all things* will clear up the confusion.

It is a proposition always true, and of universal application, *that the exchangeable value of all articles depends upon their utility*, that is, upon their power to gratify the wants and wishes of man; in other words, upon the degree in which their possession is desired. This applies alike to domestic and foreign commodities, to manufactured articles and raw produce, to monopolized and unmonopolized articles—it is as true in a siege or a famine, as in the exchanges of every day occurrence.

Every other principle which has been assigned as the regulating cause of exchangeable value, is of partial and limited application, and subject to many restrictions and exceptions.

For instance, the "proportion between the demand and supply." It is very true that this influences the value of commodities, but it is only because it affects their *utility*, and only *when* it affects their utility. Thus, if A has a commodity called X, and B a commodity called Y, the proportion in which they will exchange for each other will be determined by the utility of X and Y—A will not part with X, or any portion of it, for any portion of Y, unless the portion of Y which he receives possesses more utility to *him*, that is, is more desired by him, than the portion of X which he gives. In like manner, B will not part with Y, or any portion of it, for any portion of X, unless the portion of X which he receives possesses more utility to *him*, that is, is more desired by him, than the portion of Y which he gives. Every child knows that this is the principle, and the only one, on which all exchanges are made. Demand and supply *generally* influence this utility; for instance, if A's supply of X be increased, this will generally diminish its utility to him, or the degree in which he desires its possession, for as our particular desires are capable of being satisfied, it is obvious that we may have more of one article than we wish to use, and therefore the retaining the possession of that surplus is less desirable to us: the exception to this is, when the article is not one which will spoil by keeping, and when we have a prospect of being able, by keeping it longer in our possession, to obtain more of what we want in exchange for it; hence it is that corn is very liable to fluctuations in value from changes in the supply, while some manufactures, which can be produced at pleasure, and which will not spoil by keeping, are comparatively uninfluenced by variations in their supply.

I think it was the existence of articles of this latter class, that led to the formation of the opinion now so general, that *cost of production* is the regulating cause of exchangeable value. This principle seems to account satisfactorily for the value of the latter class of articles, but was certainly inadequate to account for the former, and yet one class of Economists have vehemently contended that *cost of production only*, and the other, that *demand and supply only*, was the regulator of exchangeable value, although

neither of them, by itself, will account for all the variations in exchangeable value.

Before we inquire into the influence of *cost of production* on exchangeable value, let us ascertain the meaning of the term. Mr. Senior defines it to be "the sum of labour and abstinence necessary to production," and the general reader will readily understand it, as "the trouble and expense necessary to procure the article." Now it is obvious that the value of articles does not always conform to this: that class which I have mentioned as being peculiarly affected by changes in the demand and supply, does not obey this rule, and as a general rule, the cost of production is not the circumstance which influences a party in determining what he will pay for an article, it is, as I said, the utility of the article: the man who finds an article and offers it for sale, will get as much for it as another who has been for a long time labouring to produce a similar article; and if a workman takes three days to make an article, which another workman can make in one day, he cannot on that account get three times as much for it; so if a person is the sole producer of an article, he may charge any price he pleases for it. It is not true to say that the cost of production *regulates* value, though it is true that in many cases the value, which is determined by other considerations, happens to coincide with the cost of production. The reason why it so coincides, and the circumstances under which it does so, and the means by which the coincidence is brought about, are manifest. In a country where every man is free to choose his own occupation, it is evident, that, as a general rule, all labour is equally rewarded, as Adam Smith with great felicity shows; this establishes an average rate of wages and profits, and if the price received for any article is not such as to pay the average wages and profits to those engaged in it, it will be abandoned, and the supply of the article will be diminished, until the price rises to that amount; and, on the other hand, if the price be greater, the supply will be increased, until it falls to that level; so that value is only made to coincide with cost of production, *through the medium of a change in supply*, and when this cannot be brought about, there is no such coincidence and no tendency to it. Again, in measuring cost of production, we must suppose all labour of the same value; an article which required the day's labour of a skilful

artificer to produce it, cannot be said to be equal in cost of production to one which required the day's labour of an unskilled workman to produce it. These two circumstances—the necessity of the existence of the power of changing from one employment to another, and the equality of the labour employed—explain at once the apparent difference between Mr. Senior and Colonel Torrens. The first proves that Colonel Torrens is right in saying that the value of foreign articles is not regulated by their cost of production, for an Englishman cannot become a foreigner at pleasure, they are therefore like those domestic commodities, the supply of which cannot be altered at pleasure, and whose value therefore is regulated by their utility, and does not coincide with the cost of their production: but Mr. Senior is equally correct in saying, that the value of foreign is regulated by the same rule as that of domestic commodities, and that is, by their power of gratifying the wishes of the world. Again, the quality of the labour is not necessarily equal, therefore the value does not coincide with the cost of production. Colonel Torrens says, "The question is, will the English yarn produced by a given quantity of labour, sell in the markets both of England and France, at the same price at which the French silks, produced by the same quantity of labour, sell in the markets both of France and of England? If this question can be answered in the affirmative, your case is proved; if it must be answered in the negative, my case is proved." Of course Mr. Senior would not answer this question in the affirmative, nay, even Colonel Torrens would not answer the corresponding question, with regard to domestic articles, in the affirmative. "Will an English watch produced by a given quantity of labour, sell at the same price in England as a piece of English straw matting, produced by the same quantity of labour?" "Certainly not," Colonel Torrens would reply, "for the labour of a watch manufacturer is skilled labour, but the labour of a person who weaves mats, is comparatively unskilled;" just as Mr. Senior would say in reply to the other question, "No, for English labour is more skilled than French."

Mr. Senior uses the term "cost of production," in the sense of *cost of production to the consumer*, and thus maintains, that the value of foreign articles coincides with the cost of production, because if we set about producing them ourselves we could not do

it on better terms; but Colonel Torrens by "cost of production," means "cost of production to the producer," and in this sense he is right in saying, that the value of foreign articles does not coincide with their cost of production. However, I do not think that the value of foreign articles is at all regulated by their cost of production, even in Mr. Senior's sense of the word, it is never so high: who will say that the value of tea is regulated by what it would cost us to supply ourselves with tea grown at home? It appears to me, therefore, that the simple and obvious statement is, that the value of articles is governed by their utility, and if the labour of an Englishman for one day, can produce an article possessing double the utility in the market of the world, that an article produced by the day's labour of a Frenchman possesses, a day's labour in England will procure double the quantity of gold or of any other commodity, in the market of the world, that the day's labour of a Frenchman will, and will always continue to do so until the productiveness is diminished; and unless the imposition or removal of duties affects that productiveness, it can never permanently affect the supply of the precious metals. Of this we may be as well assured, as we are of any conclusion in Physical Science. That no such result as Colonel Torrens anticipates, has, *in fact* ever taken place, is shown in No. 22 of "The Economist," page 426.





